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FBIS-EAS-94-124 CONTENTS *28 June 1994*

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

- G-7 'Considering' Ukraine Nuclear Plants Aid *[KYODO]* 1
- Reactions to Nuclear Tests in S. Pacific Noted *[Paris LE MONDE 22 Jun]* 1

INTER-ASIAN AFFAIRS

- ASEAN Working Group Stresses Foreign Investment *[REPUBLIKA 14 Jun]* 3
- PRC Wants Bilateral Talks on Spratlys Issue *[Quezon City Radio]* 3

NORTHEAST ASIA

Japan

- Manufacturer Association: 'Auto Market Is Open' *[KYODO]* 4
- Tokyo To Make Market Opening Efforts *[KYODO]* 4
- Reports on Issues Related to Deregulation 4
  - Deregulation Package Released *[KYODO]* 4
  - 'Highlights' of Deregulation *[KYODO]* 5
  - Nature of Economy To Change *[KYODO]* 6
  - Keidanren Chief Welcomes Move *[KYODO]* 6
- Political Situation Report From Tokyo Continues 7
  - Hata 'Likely To Meet Murayama *[KYODO]* 7
  - SDPJ Wants To Talk With Coalition *[KYODO]* 7
  - SDPJ Moves To Rejoin Coalition *[KYODO]* 8
  - Coalition, SDPJ Agree on Talks *[KYODO]* 8
  - Hata Calls for Diet Extension *[KYODO]* 9
- Hata Welcomes Agreement on Korean Summit *[KYODO]* 9
- IMF Chief Backs Dollar-Rescue Operation *[KYODO]* 10
- Business Leader Wants U.S. Interest Rates Hiked *[KYODO]* 10
- Business Leaders Wary of Yen's Surge *[KYODO]* 10
- Fujii: Tokyo To Take 'Aggressive' Action on Yen *[KYODO]* 11
- Saito on G-7 Talks on Dollar's Devaluation *[KYODO]* 11
- Yen's Appreciation Viewed as 'Detrimental' *[KYODO]* 12
- MITI Seeks Action for Stable Currency Market *[KYODO]* 12
- Industries on Measures To Overcome High Yen *[KYODO]* 12
- NHK Poll: Strong Yen May Affect Employment *[Tokyo TV]* 12
- Effects of Strengthened Yen on Firms Analyzed *[KYODO]* 13
- Yen's Appreciation, Intervention Efforts Reviewed *[KYODO]* 14

Mongolia

- Official Visits Moscow, Discusses Security Issue *[MONTSAME]* 14
- UNDP To Fund Management Development Program *[MONTSAME]* 15
- 'Revived' NOVOSTI MONGOLII Published *[MONTSAME]* 15
- MONTSAME Carries 23 Jun Press Review 15

North Korea

- Pyongyang, Seoul Agree To Top-Level Talks 16
  - Radio Reports Preliminary Contact *[Pyongyang Radio]* 16
  - KCNA Reports Contact 16

  - Chief Delegate Delivers Keynote Speech *[Pyongyang Radio]* 16
  - KCNA Reports Keynote Speech 17
  - Radio Notes Agreement for N-S Summit *[Pyongyang Radio]* 19
  - Radio Recaps 28 Jun Contact *[Pyongyang Radio]* 19
- Daily Denounces South's Nuclear Arms Development *[KCNA]* 21
- Reunification Via 'National Independence' Urged *[KCNA]* 21
- Stone Plate Praising Kim Chong-il Found in South *[KCNA]* 22
- KCNA Notes Start of Seoul Subway Workers' Strike 22
- Daily Denounces South's Action Against Strikers *[KCNA]* 22
- ROK Party Call for Dialogue in Strikes Cited *[KCNA]* 23
- KCNA Reports U.S. Aerial Refueling Exercise 23
- NODONG SINMUN Warns Against Japanese Militarism *[KCNA]* 23
- Meeting Protests 'Suppression' of Chongnyon *[KCNA]* 23
- Korean Mothers in Japan Meet on Assault of Students *[KCNA]* 24
- Further on PRC Military Delegation's Visit 24
  - Delivers Gift for Kim Il-song *[KCNA]* 24
  - Delivers Gift for Kim Chong-il *[KCNA]* 24
  - Kim Il-song Receives Delegation *[KCNA]* 25
- Railroad Delegation Returns From Russia 21 Jun *[Pyongyang Radio]* 25
- Moscow Meeting Marks Month of Solidarity *[KCNA]* 25
- Czechy-Morava Party Delegation Continues Visit 25
  - Meets With WPK Secretary *[KCNA]* 25
  - Gift for Kim Il-song *[KCNA]* 25
  - Gift for Kim Chong-il *[KCNA]* 25
- Bulletin Issued by French Friendship Association *[KCNA]* 25
- Kim Il-song Sends Greetings to Djibouti President *[KCNA]* 26
- Daily Observes Mozambican Independence Day *[KCNA]* 26
- Mozambican Bulletin Denounces U.S. Over Korean War *[KCNA]* 26
- Mozamibican Committee Holds Inaugural Meeting *[KCNA]* 26
- Kim Il-song Sends Greetings to Malagasy President *[KCNA]* 26
- MINJU CHOSON Marks National Day of Madagascar *[KCNA]* 27
- Angola's Efforts Toward Reconciliation Praised *[KCNA]* 27
- Meeting Marks Anniversary of Zaire Independence *[KCNA]* 27
- WPK Secretary Meets Outgoing Indian Ambassador *[KCNA]* 27
- Solidarity Meeting Held 18 Jun in Nepal *[KCNA]* 27
- Cooperative, All-People Ownership Discussed *[NODONG SINMUN 28 May]* 28
- KCNA Spotlights Mt. Paektu Historical Sites 30

South Korea

- Reports on 28 Jun North-South Contact Continue 31
  - Aides Appointed to Delegation *[YONHAP]* 31
  - Delegates in Attendance Listed *[Seoul Radio]* 31
  - South Side's Head Delegate Speaks *[Seoul Radio]* 31
  - South Proposes 25 Jul Summit *[YONHAP]* 32
  - Sides 'Completely' Agree on Date *[Seoul Radio]* 32
  - 'Unofficial' Translation of Accord *[YONHAP]* 32
  - Highlights From Contact Reported *[YONHAP]* 32
  - 2d Summit Details Not Decided *[YONHAP]* 34
  - Yi Hong-ku Holds News Conference *[Seoul TV]* 34
  - Parties Welcome Agreement *[YONHAP]* 34
- Paper on DPRK Media Denouncing ROK, U.S. *[CHUNGANG ILBO 25 Jun]* 35
- DLP Leader's Remarks Against Kim Il-song Noted *[CHUNGANG ILBO 25 Jun]* 35
- Nuclear Ambassador Confirms U.S., ROK Stance *[YONHAP]* 36
- North Official Admits Possession of Plutonium *[YONHAP]* 36
- Nuclear Issue Causes Decrease in PRC Trade *[YONHAP]* 36
- Japan's Bid To Renew DPRK Ties Assessed *[HANGYORE SINMUN 28 Jun]* 37
- Kim Yong-sam Talks With Thai Prime Minister *[BANGKOK POST 25 Jun]* 38
- Thai Prime Minister Addresses Businessmen *[Bangkok Radio]* 39
- Seoul To Lose European Textile Tariff Reduction *[THE KOREA TIMES 27 Jun]* 39
- Reportage on Strikes, Responses Continues 40

  Police Mobilization Detailed *[YONHAP]* 40
  'Popular Outrage' Averts Strike *[THE KOREA HERALD 28 Jun]* 41
  Subway Strike Continues Fifth Day *[YONHAP]* 41
Deadline for Nuclear Waste Storage Site Nears *[THE KOREA HERALD 26 Jun]* 42
National Assembly Extraordinary Session Opens *[THE KOREA HERALD 26 Jun]* 43
Law Establishes National Intelligence Committee *[THE KOREA TIMES 27 Jun]* 43
  New Intelligence Committee Viewed *[HANGYORE SINMUN 25 Jun]* 44
Reshuffle of National Assembly Posts Analyzed *[YONHAP]* 44
Lawmaker Pak Chol-on 'Guilty' of Bribe-Taking *[YONHAP]* 45
Bank of Korea Encourages Domestic Banks *[THE KOREA TIMES 27 Jun]* 45
Vehicle Industry 'Firm' in International Market *[THE KOREA TIMES 27 Jun]* 46

SOUTHEAST ASIA

Burma

Maung Maung Khin Receives Malaysian Minister *[Rangoon Radio]* 48
SLORC Official Receives Malaysian Minister *[Rangoon Radio]* 48
Malaysian Delegation Calls on Mines Minister *[Rangoon Radio]* 48
Minister Returns From Environmental Conference *[Rangoon Radio]* 48
Officials Briefed on Antinarcotics Operations *[Rangoon Radio]* 48
Radio Reports Fighting With Drug Smugglers *[Rangoon Radio]* 48
Twenty-Six Insurgents Surrender at Camps *[Rangoon Radio]* 49

Brunei, Malaysia & Singapore

Malaysia

Minister: U.S. Needs To Hear East Asian Views *[Kuala Lumpur International]* 49
Spokesman on Visit to Israel by King's Brother *[BERITA HARIAN 21 Jun]* 49
Foreign Minister Disavows Planned Timor Forum *[NEW STRAITS TIMES 27 Jun]* 50
Housing Minister, Delegation Visit Iran *[BERNAMA]* 50
Studies on Equipping Army With Tanks Noted *[BERNAMA]* 50
* Consumer Associations Urged To Fight Inflation *[NEW STRAITS TIMES 20 May]* 50

Singapore

Singapore's Mah Calls on Suharto, Views Tie-Up *[THE SUNDAY TIMES 26 Jun]* 52

Cambodia

PRC Withdrawal Renders Agreement 'Meaningless' *[REAKSMEI KAMPUCHEA 26 Jun]* 53
Paper Cites Ambassador on Thai Relations *[REAKSMEI KAMPUCHEA 24 Jun]* 53
Khieu Samphan on Hun Sen's 'Lese Majeste' *[Radio VGNUFC]* 53
Sam Rangsi Against Outlawing Khmer Rouge *[Radio VGNUFC]* 56
Paper on FUNCINPEC's Khmer Rouge Situation *[KAOH SANTEPHEAP 25 Jun]* 56
Private Banks Asked To Make Loans to Farmers *[REAKSMEI KAMPUCHEA 26 Jun]* 57

Indonesia

Importance of Lobbying in U.S. Talks Viewed *[KOMPAS 15 Jun]* 57
Australia's Prime Minister Keating Arrives *[Jakarta Radio]* 59
  Meets With Suharto *[Melbourne International]* 59
  More on Suharto Talks *[Jakarta Radio]* 59
  Complains about Press Ban *[AFP]* 59
  More on Ban *[Melbourne International]* 59
Suharto's Son Heads Business Concern With Burma *[KOMPAS 16 Jun]* 60
Former Irian Jaya Rebels Form New Organization *[Jakarta Radio]* 60
CGI Donor Group Expected To Give Loans *[THE INDONESIA TIMES 21 Jun]* 60
Waste Containers Await Return to Netherlands *[KOMPAS 16 Jun]* 61
Stock Exchange Chief Urges Foreign Shares *[ANTARA]* 61

Thirteen Held for Circulating Leaflets *[THE SUNDAY TIMES 26 Jun]* 62
Air Force Chief Speaks on New Aircraft *[KOMPAS 16 Jun]* 62
* Paper Backs Aid to Small Business *[BISNIS INDONESIA 14 May]* 63
Daily Sees Need To Secure Good Textile Markets *[SUARA PEMBARUAN 14 Jun]* 63
Official Blames Drought for Fall in Production *[ANTARA]* 64
Commentary Views Rice Stock, Agriculture *[Jakarta Radio]* 65

Laos

Foreign Minister Leaves for Visit to SRV *[Vientiane Radio]* 65
Talks Held with Philippine House Speaker *[Vientiane Radio]* 65

Thailand

U.S. Stand Expected To Undermine Talks *[PHUCHATKAN 28 Jun]* 67
Finance Minister Views Effect of Dollar Drop *[BANGKOK POST 28 Jun]* 67
Paper: Invitation for Burma To Attend ASEAN *[THE SUNDAY POST 26 Jun]* 68
Activities of Malaysian Al-Arqam Group Reported *[SIAM RAT 26 Jun]* 69
Official Says No 'New Armed Group' Operating *[BANGKOK POST 28 Jun]* 69
Meeting on Repatriation of Lao Refugees *[Bangkok Radio]* 70
    Extension Sought *[THE NATION 28 Jun]* 70
35 Million Baht Given for Laos Construction *[KRUNGTHEP THURAKIT 25 Jun]* 71
Dramatic Drop in Opium Production Reported *[THE SUNDAY POST 26 Jun]* 71
Police Seize 'Large Cache' of Weapons *[THE NATION 27 Jun]* 72
Police Crackdown on Burmese Immigrants in North *[THE SUNDAY POST 26 Jun]* 72

Vietnam

Japan Offers Credits To Finance Hanoi Airport *[Hanoi International]* 72
Japan To Help Finance New Power Project *[Hanoi Radio]* 73
Lao Foreign Minister Arrives for Official Visit *[VNA]* 73
    Received By Vo Van Kiet *[VNA]* 73
    Talks With Counterpart *[VNA]* 73
Deputy Prime Minister Visits Brazil *[VNA]* 74
Decree on Marine Products Ministry *[Hanoi Radio]* 74

AUSTRALASIA

Australia

Evans on Decision To Send Troops to Rwanda *[Melbourne International]* 75
Evans Comments on Jakarta Publications Ban *[Melbourne International]* 75
Keating's Indonesia Visit To Focus on Trade *[Melbourne International]* 75

Fiji

Committee To Assist in Constitutional Review *[Melbourne International]* 75

Vanuatu

Prime Minister: Firm Stand on Log Export Ban *[AFP]* 75

New Zealand

PRC Embassy Objects 'Strongly' to Residency *[Melbourne International]* 76
Central Bank Urges Higher Interest Rates *[AFP]* 76

G-7 'Considering' Ukraine Nuclear Plants Aid

OW2406115094 Tokyo KYODO in English 0955 GMT 24 Jun 94

[Text] Tokyo, June 24 KYODO—The Group of Seven (G-7) industrialized nations are considering proposing more than 1.5 billion dollars in aid for Ukraine as a way to ensure the safety of its outmoded nuclear power plants, a Japanese Government official said Friday [24 June].

The sum, which would be proposed during the coming annual summit, would partly finance a plan to solidify safety shields of the exploded reactor at the Chernobyl nuclear power plant, the official said.

The remainder would be used to remodel several other reactors currently under construction in the former Soviet republic, the official said, noting that these reactors, basically identical in design to the exploded reactor, must be reconstructed with Western technology.

France and Germany recently proposed the aid program.

In April 1986, one of four reactors at the Chernobyl nuclear power plant exploded, resulting in the worst nuclear accident in history.

Of the three reactors left, two are still in operation, causing global concern over a possible repeat of the Chernobyl disaster.

During the Naples summit in July, the G-7 nations are expected to press for closure of the two reactors, which Ukraine claims are necessary as major power sources for the economically ailing country, the government official said.

Reactions to Nuclear Tests in S. Pacific Noted

BR2306111294 Paris LE MONDE in French 22 Jun 94 p 6

[Sylvie Lepage report: "The South Pacific and French Nuclear Testing"]

[Text] Suva—Although the relations between France and the countries of the South Pacific have improved thanks to the moratorium on nuclear testing declared by the president of the Republic, the recurring debate on whether or not it is necessary to restart explosions and the possibility of a decision running counter to that made by Francois Mitterrand after the next presidential election still give the countries of Oceania some cause for concern. However, it is uncertain whether all the governments of this zone will react with the same virulence.

Ieremia Tabai, general secretary of the South Pacific Forum [SPF] based in Suva said: "Relations between France and the countries of the SPF have taken a turn for the better. However, any restarting of testing at Mururoa [a French-owned South Pacific atoll and nuclear test site] would be a considerable step backward. France has always maintained that the tests do not endanger anyone, but we doubt this. The long-term consequences are still not known and people fear them."

For many Polynesians and Melanesians who catch their food in the sea, it is unbearable to think that fish could be poisoned and reefs destroyed. There is little point in publishing report after report proving that there are no leaks or pollution. They will not change convictions that are widely held among the peoples of the South Pacific. Cold reasoning and Cartesian logic do not work against an emotional discourse. A French diplomat pointed out to us that the people of Oceania consider nuclear testing to be "rape and sacrilege."

When the United States transferred their nuclear tests from the Pacific to Nevada, France was perceived as being the only country that was active outside its own region, even though the tests were being carried out on French soil. Don McKinnon, New Zealand's conservative foreign minister, asked us: "If these tests are really not at all dangerous, why are they not performed closer to mainland France?"

New Zealand Activism

New Zealand is one of the few countries to have a minister for disarmament, "a strange creature, no doubt," Doug Graham says of himself. He explained: "As a small country, we have never gone along with the idea that a few nuclear powers—previously five—could threaten the whole world and could have the power, if things went wrong, to bring about the apocalypse."

Mr. Graham recommends that sanctions be brought against countries which, like North Korea, refuse a complete inspection of their nuclear installations by the International Atomic Energy Agency [IAEA]. Everyone we spoke to agreed that the fact that new countries are looking to obtain the atom bomb in no way justifies the nuclear powers launching an arms-perfecting program implying a restart to testing.

This aversion is deeply-rooted in New Zealand. Former Labor Prime Minister David Lange (1984-1989) told us: "At a time when antinuclear demonstrations in Europe were confined just to left-wing movements, this tendency in New Zealand was much more widespread, to the extent that the government itself led the demonstrations. The fact that it sent one of its ministers, Paul Fraser, and two frigates to Mururoa to protest against atmospheric tests merely strengthened New Zealanders in their conviction."

This indignation is now shared by most neighboring countries. It is above all the opposition to nuclear testing that led to the creation of the Forum in 1971, an organization that aims to be essentially political, unlike the South Pacific Commission which was then still under the aegis of the colonial powers.

Four years later, New Zealand, Fiji, and Papua New Guinea managed to convince the United Nations to agree by a unanimous vote to pass a motion in favor of a denuclearized zone in the South Pacific. France and the United States abstained. In 1985, Wellington's efforts resulted in the denuclearization treaty being signed at Rarotonga, in the Cook Islands, by the 13 countries of the Forum, with the exception of Vanuatu which considered that the text of the treaty did not go far enough. The treaty specifically bans tests and the dumping of nuclear waste in the waters of the zone.

Three protocols invited the nuclear powers to apply the provisions of the treaty in their territories situated in this region. These were rejected by France, which had just sunk the [Greenpeace protest ship] Rainbow Warrior in Auckland harbor, and by the United States, whose relations with New Zealand had been frosty since Wellington had banned nuclear weapon-carrying or nuclear-propelled vessels from entering its ports.

Despite the election of a new Conservative government in 1990, Wellington did not revoke the law of 1987 which enforced this ban. Jim Anderton, head of the opposition Alliance party, stated: "Their deputies would not allow it. It would be an unacceptable about-turn for the people. We are proud of the fact that our tiny country has been able to say no to the United States, even though our decision means that we are still excluded from ANZUS (the military pact between Australia, New Zealand, and the United States]."

Danger to the Environment

While there is no question of New Zealand going back on its antinuclear policy, France has nonetheless found greater flexibility in Fiji and Vanuatu since they changed governments. When Colonel Rabuka overthrew the predominantly Indian coalition government in 1987, Fiji lost the support of its main donators of aid—a gap that France rushed to fill. In 1989, Mr. Rabuka was awarded the Legion d'Honneur for services to Lebanon...nine years after the event. Now the head of an elected government, Sitiveni Rabuka is calling on France, "in accordance with the wishes of the people of the Pacific, not to restart testing." However as Steven Ratuva, director of the Fijian antinuclear group, points out: "Rabuka is a soldier by training and, given his links with France, it is highly unlikely that the Fijian Government would overly pressurize Paris were testing to restart." Perhaps that explains why Sir Ratu Kamisese Mara, who, in 1985, gave a speech at the UN General Assembly condemning French nuclear tests on Mururoa, as Fijian president today refuses to grant us an interview on this specific subject. This is the same man who, on a visit to Paris in 1988, received an aid package five times greater than the one awarded in 1987. Issue 17 of the JOURNAL OF PACIFIC STUDIES published by the South Pacific University (SPU) in Suva wonders whether it is any coincidence that, for the following two years, the Forum toned down its criticisms of France.

In Vanuatu, the position of Maxime Carlot, elected in 1991, differs considerably from that taken by former Prime Minister Walter Lini who, since 1980 (when the French-British condominium of the New Hebrides gained its independence), had taken every opportunity to condemn Paris, especially on the subject of nuclear testing. Since the French-speaking group came to power, Vanuatu has been something of a bridgehead between mainland France and the countries of the South Pacific, and Mr. Carlot has taken care not to cause offense to any of the parties.

He told us: "France must take into account the wishes of the independent countries of the South Pacific. We, like them, believe that nuclear testing represents a danger for the environment. If France can find other solutions to perfect [its weapon design], then all the better." "However, those who are interested in Mururoa must also take an interest in the world balance, and my government will always be on the side of the free world."

However, here as elsewhere, everyone would be greatly relieved if France could banish the doubts hanging over the South Pacific once and for all. The credit it has gained since the then-Prime Minister Michel Rocard negotiated the Matignon Agreements on New Caledonia in 1988 by the implementation of a cooperation policy with these territories and the moratorium, will then be unlimited.

ASEAN Working Group Stresses Foreign Investment

BK2306114894 Jakarta REPUBLIKA in Indonesian 14 Jun 94 p 2

[Passages within slantlines published in English]

[Text] Nusa Dua, Bali, REPUBLIKA—ASEAN members undeniably need foreign funds, but they are by no means competing neck-to-neck to attract foreign investors.

"ASEAN members will not compete with one another to attract foreign investors, but will instead cooperate in attracting foreign investors as well as investors from fellow ASEAN members," Sanyoto Sastrowardoyo, minister of state for investment affairs and chairman of the Investment Coordinating Board, said to reporters after opening a meeting of the ASEAN /working group on the promotion of direct foreign investment/ in Nusa Dua, Bali on Monday.

He said ASEAN members should seek a promotional means to attract foreign investors now that the competition has become stronger. Accordingly, Sanyoto stressed the need for ASEAN members to anticipate global economic developments that have led to the formation of regional groups such as NAFTA and the European Union in addition to APEC [Asia-Pacific Economic Cooperation] and AFTA [ASEAN Free Trade Area]. "They also have to anticipate the implementation of the GATT accord endorsed last April," said the minister of state for investment affairs and chairman of the Investment Coordinating Board.

The working group is expected to create an intra-ASEAN investment mechanism as well as a mechanism to attract foreign investors during the meeting.

Sanyoto said fellow ASEAN members welcomed Government Regulation No. 20 on Foreign Investment. "They welcome Government Regulation No. 20 on Foreign Investment. I got this impression during an /informal dinner/ in Jakarta on Sunday evening," he said.

According to Sanyoto, the government regulation was in fact inevitable. This means that Indonesia must take this step or else it will be left behind. Indonesia must enhance competitiveness in all fields if it wants to /survive/ in an era of globalization.

The government regulation is a means to consolidate ourselves to enhance its competitiveness to attract foreign investors.

Meanwhile, Sugihono Kadarisman, deputy chairman for promotion of the Investment Coordinating Board, said the working group will discuss the so-called noneconomic pressure in addition to jointly attracting foreign investors during the meeting.

Western nations have often exerted noneconomic pressure such as human rights and the MFN [most favored nation] status on the developing nations.

"We will discuss a strategy to counter the noneconomic pressure."

Sanyoto said Japan remains the largest foreign investor in Indonesia. "Japan may not be the number one foreign investor this year due to a recession, but this country cumulatively remains in the top slot of the list of foreign investors here," he said.

The second slot, which was held by Hong Kong from 1967 to May 1994, has been taken over by Taiwan. This is understandable because Taiwan has been aggressive since the president and a number of Taiwan ministers paid unofficial visits to Indonesia.

Moreover, the Taiwan Government adopts the so-called /Go South Action Program/ that encourages Taiwan businessmen to invest not only in China but also countries to the south of Taiwan.

"For example, Indonesia, the Philippines, Malaysia, and Thailand," Sanyoto said.

PRC Wants Bilateral Talks on Spratlys Issue

BK2306063194 Quezon City Radio Filipinas in English 0230 GMT 23 Jun 94

[Text] China wants to reach a final settlement with the Philippines and other claimants to the Spratly Islands, but only through bilateral discussions and not through the international group like the United Nations or ASEAN. This was the stand conveyed by Premier Li Peng of China to a Philippine Government and business delegation led by Philippine Vice President Joseph Estrada in a meeting held in Beijing.

Li told Estrada that the discussions must be held with one country at a time, and not in a conference hosted by any international group.

Estrada noted, however, that the Philippines will stick to the position taken by ASEAN in 1992—that its members with claims over the Spratlys must negotiate with China and claimant Vietnam as a group. But Estrada showed his strong (?compose) that the Philippines would seek all peaceful means to resolve the problem.

Apart from the Philippines, China, and Vietnam, other claimants to the Spratlys are Brunei, Indonesia, and Malaysia.

Japan

Manufacturer Association: 'Auto Market Is Open'

OW2806112294 Tokyo KYODO in English 1007 GMT 28 Jun 94

[Text] Tokyo, June 28 KYODO—The Japan Automobile Manufacturers' Association issued a report Tuesday [28 June] summing up pending issues in Japan-U.S. automobile trade, arguing that Japan's auto market is open.

The association said cooperation between Japanese and U.S. automobile and auto parts industries to enhance bilateral trade is bearing fruit.

It said the report was compiled on the occasion of the resumption of Japan-U.S. negotiations for a new bilateral trade "framework."

The report said Japanese automakers are continuing efforts to increase procurement from U.S. auto parts makers.

In referring to a sales drive in Japan by the "big three" U.S. automakers, General Motors Corp., Ford Motor Co. and Chrysler Corp., the report said those firms still need to step up efforts to sell more vehicles.

It said the U.S. automakers have not developed small vehicles with an engine capacity of less than 2000 cc which account for more than 80 percent of the Japanese auto market.

The association said an English version of the report will be distributed in the United States later.

Tokyo To Make Market Opening Efforts

OW2806032894 Tokyo KYODO in English 0312 GMT 28 Jun 94

[Text] Tokyo, June 28 KYODO—The government will continue to make efforts to open Japan's markets following the release Tuesday [28 June] of a package of deregulatory measures aiming at expanding domestic demand and boosting imports, Foreign Minister Koji Kakizawa said.

Kakizawa told a press conference the Foreign Ministry will explain the package to the United States, the European Union and other nations.

The package, a detailed version of portions of a market-opening program released in March, contains 279 deregulatory steps prepared by the government's administrative reform promotion headquarters.

Kakizawa said the latest package meets some of the demands made by other countries.

Japan pledged to come up with deregulatory measures before the Naples summit of the Group of Seven industrialized nations in July.

Reports on Issues Related to Deregulation

Deregulation Package Released

OW2806011994 Tokyo KYODO in English 0113 GMT 28 Jun 94

[Text] Tokyo, June 28 KYODO—The government released a package of deregulatory measures Tuesday aimed at expanding domestic demand and thus the nation's appetite for imports, both intended to upgrade the overall livelihood of the Japanese people.

The package, which contains 279 deregulatory steps prepared by the government's administrative reform promotion headquarters, is the "product of an all-out effort" for economic restructuring by the cabinet of Prime Minister Tsutomu Hata, a government official said.

The package, a detailed version of portions of a market-opening program released in March, is designed to demonstrate Japan's seriousness about deregulation, the official said.

The official said whoever replaces outgoing Premier Hata, who announced Saturday he would resign, will work to enforce the measures. "There should not be any setback in implementation of the package under the pretext of the current political confusion."

The official said the latest package addresses government restrictions and regulations in four priority sectors—housing and land, financial services, information and telecommunications and market access by foreign firms.

The steps are aimed at promoting new businesses, giving consumers greater product selection and narrowing the price gap on goods in Japan and abroad, the official said.

Japan pledged to come up with deregulatory measures before the Naples summit of the Group of Seven industrialized nations in July.

The administrative reform promotion headquarters will craft a five-year program designed to implement the proposals by the end of fiscal 1994, the official said.

Meanwhile, government ministries and agencies will be asked to formulate specific measures in line with new deregulation guidelines drawn up by the panel.

The guidelines include a drastic review of restrictions enforced as a way to adjust supply-demand ties for certain products, a reduction in rate-setting rules for public services, harmonization of Japan's standards and certificates with international rules and the halting of business practices that effectively hamper foreign entry to Japan's markets.

The guidelines also call for clearer, simplified procedures for administrative permits, including import inspection systems.

The panel urged strict enforcement of the antimonopoly law to ensure fair and free competition and called for a proposal by the end of fiscal 1994 to outlaw in five years some cartels currently allowed as exceptions under the law.

The panel also unveiled a plan to abolish by the end of fiscal 1998 the resale price maintenance system, a protective measure allowed for designated product items.

Other measures designed to spur competition include review of screening procedures for corporate mergers and stock ownership and a change in rules banning establishment of a holding company.

The official said a set of measures announced on housing and land policies are intended to provide the Japanese people with high-quality houses at affordable prices.

To that end, rules and regulations in construction and materials procurement will be relaxed, including acceptance of foreign data on materials and simplification of building permits.

The panel said the scope of housing construction subject to public loans will be expanded, while the legal framework for land development projects will be modified.

It said inspection standards will be eased for companies trying to enter the information and telecommunications industry.

Charges on services provided by Nippon Telegraph and Telephone Corp. (NTT) and other common carriers will be set more freely, with government approval needed only for basic services charges.

On market access measures, the panel called for smooth enforcement of steps announced in may to ease the large-scale retail store law. But it refrained from seeking abolition of the law, apparently considering its impact on small retailers.

The reform panel said the government will study whether to allow self-service gas stations by looking into technical standards and other safety measures that would be required for such stations.

Other market-access steps include abolition of a law at the end of fiscal 1996 that limits imports of gasoline and other petroleum products to oil refiners.

On the financial sector, steps will be taken to liberalize rate-setting formulas for liquid deposits and housing loans and promote financial derivatives transactions.

A set of steps to deregulate the securities market were also included as a way to diversify corporate fund raising.

The panel said the latest package should be carried out under supervision of an administrative reform committee, a third-party organ likely to be created in line with a bill now in parliament.

A follow-up report on the latest package will be worked out by the end of this fiscal year, the official said.

The package will be formalized by the government but the timing of the formalization is yet undetermined considering Japan's political upheaval.

'Highlights' of Deregulation

OW2806012994 Tokyo KYODO in English 0125 GMT 28 Jun 94

[Text] Tokyo, June 28 KYODO—Following are highlights of a government report on deregulation plans announced on Tuesday.

Telecom

—Specific standards should be established for screening applications from companies wishing to start telecommunications service on their own networks. Such standards should include, among other things, applicants' forecasts of supply and demand for the service.

—Links should be established between voice-based public and private networks, and basic voice-based service should be introduced in stages on international value-added networks (vans).

—Definite standards for screening applications from companies wishing to offer cable television service should be established, including profit forecasts from applicants.

—A certain band of frequencies should be assigned to a cellular phone relay station to make it possible for the station to change frequencies within the band without obtaining advance approval.

Housing/land

—All foreign inspection data on building materials should be accepted to help reduce housing construction costs.

—Regulations on the ratio of floor space to land space should be relaxed to facilitate more efficient use of space in some areas.

—Zoning regulations should be revised to promote better urban planning and development.

Distribution

—Licensing requirements should be liberalized for large-scale retail stores wishing to sell imported beer.

—The current system of limiting the opening of gas stations in certain areas should be abolished. Technical standards for allowing self-service gas stations should be studied.

—The existing system of allowing only oil companies to import oil should be abolished.

Imports/inspection/standards

—More foreign inspection data for gas appliances and other consumer products should be accepted.

—More foreign inspection data should be accepted for pharmaceuticals. International tests and evaluation methods should be introduced.

—More international standards and foreign data for automobiles and auto parts should be accepted.

Banking/insurance

—Freeing interest rates on ordinary deposits in October as the final stage of rate liberalization.

—Extending the terms for medium-and long-term deposits to above four years in October.

—Allowing forward rate agreement (fra) and forward exchange agreement (fxa) in October.

—Freeing rates and contents of private housing loans by the end of the current fiscal year.

—Allowing wholly-owned subsidiaries to clear real estate taken as collateral on nonperforming loans on July 1.

—Easing regulations on financial futures and trading in July.

—Allowing insurance firms to issue commercial paper, already implemented in April.

—Abolishing the distinction between new and old money in asset management for employees' pension funds, already submitted to the diet.

—Simplifying administrative procedures for reporting and applications in July.

International financial trading

—Allowing fra and fxa in July.

—Abolishing in July the net asset condition for Japanese concerns issuing unsecured straight bonds and unsecured straight warrant bonds with a credit rating of bbb in overseas markets.

—Abolishing in July the net asset condition for non-Japanese concerns publicly offering straight bonds with a credit rating of bbb in Japan.

—Further easing of such issuance conditions by the end of the current fiscal year.

—Lifting the ban under a given condition on Japanese companies issuing euroyen bonds guaranteed by parent firms in July.

—Expanding currency swap transactions by securities firms by the end of the current fiscal year.

—Widening access to overseas stock and stock-index options by the end of the current fiscal year.

Securities

—Abolishing in July the net asset condition for concerns issuing straight, warrant, and convertible bonds with a credit rating of bbb.

—Further easing of such issuance conditions by the end of the current fiscal year.

—Easing regulations on issuing commercial paper by the end of the current fiscal year.

—Simplifying reports offered by brokerage houses to investors in July.

—Changing reports by brokerage houses on globex financial futures trading to quarterly from the current monthly in July.

Nature of Economy To Change

OW2806031694 Tokyo KYODO in English 0255 GMT 28 Jun 94

[Text] Tokyo, June 28 KYODO—Prime Minister Tsutomu Hata said Tuesday [28 June] the deregulation package unveiled by the government the same day will change the nature of Japan's economy and show the direction in which the country should be heading.

Speaking at the administrative reform promotion headquarters, Hata said the package will be approved by the succeeding cabinet as soon as possible.

The current political scene remains mired in confusion in the wake of the Hata cabinet's resignation announcement on Saturday.

The scheme, compiled by the headquarters, contains 279 deregulatory measures in the fields of real estate, financial services, information and telecommunications.

The plan was prepared in line with the government's market-access program announced in March to boost imports and spur domestic demand.

Keidanren Chief Welcomes Move

OW2806034194 Tokyo KYODO in English 0322 GMT 28 Jun 94

[Text] Tokyo, June 28 KYODO—The chairman of Keidanren, the Federation of Economic Organizations, welcomed Tuesday [28 June] a deregulation package released by the government the same day.

Shoichiro Toyoda released a statement saying the contents of the plan compiled by the administrative reform promotion headquarters warrants acceptance both domestically and abroad.

But he said the important thing is to put the plan into practice, calling for the government to take necessary measures as soon as possible, such as modification of the law.

Toyoda also suggested establishing an independent organization to monitor the progress of deregulation.

The government plan contains 279 deregulatory items under real estate, financial services, information and telecommunications areas.

Political Situation Report From Tokyo Continues

Hata 'Likely To Meet Murayama

OW2806000494 Tokyo KYODO in English 2356 GMT 27 Jun 94

[Text] Tokyo, June 28 KYODO—The ruling coalition is likely to accept an overture from the Social Democratic Party (SDP) [Social Democratic Party of Japan—SDPJ] and stage a meeting between Prime Minister Tsutomu Hata and SDP Chairman Tomiichi Murayama to discuss forming a new government, political sources said Tuesday.

Murayama and Masayoshi Takemura, New Party Sakigake head and a former chief cabinet secretary, agreed Monday that the next government should be a "dove," or soft-line government, based on an agreed policy outline.

Takemura, who is critical of what he views as high-handed leadership by Shinseito and Komeito within the coalition, made it clear that his party has no plans to reconcile with the group and urged Murayama to head the new government.

In a separate meeting, Yohei Kono, president of the main opposition Liberal Democratic Party (LDP), proposed a trilateral meeting with Murayama and Takemura for a breakthrough pact.

Takemura said Sakigake wants to serve as bridge between the LDP and the SDP in forming an alliance between the one-time archrivals.

Murayama and Kono agreed on the need to elect a new premier Tuesday. The current regular Diet session expires Wednesday.

Murayama and Kono also concurred in jointly taking "heavy responsibility" for breaking the current political standoff following the resignation of Hata and his cabinet on Saturday prior to an impending no-confidence vote against his minority cabinet tabled by the LDP in the House of Representatives.

Hata is the sixth prime minister in Japan in five years. None of the parties has a majority in the lower house.

The ruling coalition had earlier said it will wait for the SDP's initiative for fresh talks on a policy agreement before any high- stakes meeting between the party heads.

The SDP's policy-making board, on the other hand, endorsed the joint policy platform with Sakigake and called on the coalition to make a formal response to its proposal for the Murayama-Hata talks by 11 AM [0200 GMT] Tuesday.

Within the LDP, a growing number of party members are tilting toward a partnership with the SDP, party sources said.

The LDP had been in power since 1955 until last August when the then coalition of Prime Minister Morihiro Hosokawa, which included the SDP and Sakigake, took power.

But former Foreign Minister Michio Watanabe, an LDP faction leader, is opposed to an alliance with the SDP and called for a team up with Hata's Shinseito and Komeito, the key parties in the coalition.

Within the SDP, a left-wing group led by Murayama is said to be in favor of a tie-up with the LDP.

However, a right-wing group, including Secretary General Wataru Kubo, the No. 2 leader in the party, is seeking the return of the SDP to the coalition, party sources said.

The SDP earlier made a decision at a meeting of its decision- making central committee in May that it will not form a coalition with the LDP.

The SDP walked out from the coalition in April in protest against the formation of a parliamentary group by other coalition partners, excluding the SDP, shortly after the election of Hata as prime minister in the Diet. The SDP's departure forced Hata to launch the first minority government in 39 years.

SDPJ Wants To Talk With Coalition

OW2806043294 Tokyo KYODO in English 0407 GMT 28 Jun 94

[Text] Tokyo, June 28 KYODO—The Social Democratic Party (SDP) [Social Democratic Party of Japan—SDPJ] wants to discuss forming a new government with the ruling coalition, the key strategist of the coalition said Tuesday [28 June].

Ichiro Ozawa, secretary general of Shinseito, a key party in the coalition, told reporters the coalition has accepted the SDP's offer to meet.

The SDP, which is the second largest opposition party, faces a crucial choice of whether it would return to the coalition or forge an alliance with the boggest opposition Liberal Democratic Party (LDP), SDP's archrival so far. The LDP was ousted from government last August after 38 years in power.

SDPJ Rejects LDP Call for Talks

OW2806145494 Tokyo KYODO in English 1436 GMT 28 Jun 94

[Text] Tokyo, June 28 KYODO—The Social Democratic Party (SDP) [SDPJ—Social Democratic Party of Japan] on Tuesday spurned a call from the Liberal Democratic Party (LDP) for talks on the joint establishment of a coalition government.

SDP Chairman Tomiichi Murayama, in a meeting with LDP President Yohei Kono, said the SDP, the second largest opposition party, cannot hold such talks with the LDP as it will open a policy dialogue with the ruling coalition Wednesday, SDP Secretary General Wataru Kubo told a news conference.

But Kubo later said his party will officially respond to the LDP request by 6 p.m. Wednesday.

The coalition and the SDP agreed earlier Tuesday to kick off talks to narrow differences over major policy issues and explore the possibility of fashioning a fresh coalition government.

The SDP walked out of the latest ruling union in April, leaving Prime Minister Tsutomu Hata overseeing Japan's first minority administration since 1955. Hata resigned Saturday with his entire cabinet.

In his meeting with Murayama, Kono said the LDP, the biggest opposition force, will back the SDP chief as a candidate for the premiership if the two parties share in a government, Kubo said.

But Murayama only thanked the LDP for its proposal and explained that the SDP cannot begin talks on the framework of a new government with the LDP, citing the scheduled policy dialogue with the coalition, Kubo said.

Murayama and Kono reportedly agreed that their parties will do their utmost to sort out the present political confusion within Wednesday, when the term of the current 150-day ordinary Diet session expires.

In a separate news conference, LDP Secretary General Yoshiro Mori said Kono repeatedly urged Murayama to start negotiations for a possible coalition government with the LDP but failed to win approval.

The LDP would have to put up Kono as a candidate for the next premier if no conclusion is reached by Wednesday evening on whether the SDP will rejoin the coalition or team up with the LDP.

The LDP and the SDP, archrivals under the LDP's 38-year unbroken rule that ended last August, are widely apart on key policy issues such as diplomacy and national security, raising doubts about the possibility of a successful alliance.

SDPJ Moves To Rejoin Coalition

OW2806094594 Tokyo KYODO in English 0913 GMT 28 Jun 94

[Text] Tokyo, June 28 KYODO—Japan's No. 2 opposition party, the Social Democratic Party (SDP) [SDPJ—Social Democratic Party of Japan], moved a step forward Tuesday [28 June] toward rejoining the coalition which it quit in late April, political sources said.

SDP Chairman Tomiichi Murayama held talks with leaders of seven coalition parties Tuesday at the Diet to discuss a new framework for a new government.

The leaders of the coalition and SDP agreed to begin studies on policies for a new government, which the sources said needs to be managed "democratically."

Meanwhile, the No. 1 opposition party, the Liberal Democratic Party (LDP), continued efforts to establish a grand coalition with the SDP in an effort to regain the power it lost 10 months ago.

LDP Secretary General Yoshiro Mori, in a meeting with SDP Secretary General Wataru Kubo in the Diet, proposed putting up Murayama as head of a new three-party coalition among the LDP, SDP and new party Sakigake, an LDP splinter group.

Mori also called for an early summit between Murayama and LDP President Yohei Kono.

Kubo, however, did not respond immediately to the LDP's offer and instead told Mori that the SDP will put the priority on talks with the ruling coalition, the sources said.

Coalition, SDPJ Agree on Talks

OW2806120294 Tokyo KYODO in English 1151 GMT 28 Jun 94

[Text] Tokyo, June 28 KYODO—The governing coalition parties and the Social Democratic Party (SDP) [SDPJ—Social Democratic Party of Japan] agreed Tuesday to open policy dialogue Wednesday as a step toward the formation of a new coalition government, coalition leaders announced. "We agreed that all the parties should do their utmost to sort out the current political turmoil and fulfill their duties," Komeito Chairman Koshiro Ishida told a news conference.

The coalition parties and the SDP, a former coalition partner, reached the agreement when coalition chiefs and SDP Chairman Tomiichi Murayama met to discuss the possibility of the SDP's rejoining the coalition.

Departing Prime Minister Tsutomu Hata also attended the top-level gathering as he heads Shinseito, a key coalition force.

Although the coalition parties and the SDP agreed to kick off talks to narrow their differences over key policy issues, this does not necessarily imply the SDP's imminent return to the ruling camp, political sources said. "We will move on to talks to form a new government after reaching an accord on policy," Takashi Yonezawa, chairman of the Democratic Socialist Party, told the same news conference.

The policy talks between the coalition and the SDP, which left the governing alliance in April, will begin Wednesday when the SDP presents a fresh blueprint for a new coalition government. The seven coalition party chiefs and Murayama also concurred on the need for a more transparent and democratic political management style, Ishida said.

In a related development, Murayama and Yohei Kono, president of the largest opposition Liberal Democratic Party (LDP), will open talks at 8 p.m. Tuesday in what appeared to be an attempt to explore the possibility of forging an alliance to form a new government. The top-level meeting will be preceded by talks between the secretaries general of the LDP and the SDP, party officials said.

The seven coalition party chiefs and Murayama also confirmed the SDP will call on new party Sakigake, also a former coalition member, to join a new government, Ishida said.

The SDP's withdrawal stripped the coalition of its majority in both houses of the the Diet.

To avert certain defeat in a no-confidence vote, Hata resigned with his two-month-old cabinet Saturday, prompting a flurry of plays for power over the framework of a new government.

The LDP continued efforts Tuesday to launch a grand coalition with the SDP, the LDP's archrival during its 38-year unbroken rule that ended last August, in a bid to regain power. LDP Secretary General Yoshiro Mori, in a meeting with SDP Secretary General Wataru Kubo, proposed putting up Murayama as head of a new three-party coalition government among the LDP, the SDP and Sakigake, an LDP splinter party.

Kubo, however, did not respond immediately to the LDP's offer and instead told Mori that the SDP will give priority to talks with the coalition.

Meanwhile, Murayama and Sakigake leader Masayoshi Takemura agreed to hold another round of talks Wednesday, officials said. Takemura, speaking at a Tokyo party commemorating the anniversary of the establishment of Sakigake, criticized the SDP for its moves to rejoin the coalition. "An increasing number of SDP legislators are making moves by basing their judgments on benefits they will be able to enjoy at the next election under the single-seat constituency system, rather than on ideals and policies," he said.

Takemura was apparently referring to anxieties among some SDP legislators that unless they were nominated as joint coalition in single-seat constituencies, they might lose in the next election. "I want the Social Democratic Party to become the core" of a new coalition government, he said. "Sakigake will not waver between the right and left spectrum of political forces," Takemura said in an apparent appeal to the SDP not to return to the fold of the present coalition.

Hata Calls for Diet Extension

OW2806134894 Tokyo KYODO in English 1332 GMT 28 Jun 94

[Text] Tokyo, June 28 KYODO—Outgoing Prime Minister Tsutomu Hata on Tuesday [28 June] called for extending the current parliamentary session beyond its deadline of Wednesday to enable the Diet to pick a new prime minister.

"It is inconceivable that the Diet should end its session before a new cabinet has been formed," said Hata, who announced Saturday his intention to resign along with his entire cabinet. Hata remains in office until his replacement is picked.

Hata made the comments as his ruling coalition is stepping up its bid to woo the Social Democratic Party (SDP) [SDPJ—Social Democratic Party of Japan] back into its fold to create a stable, majority government.

The House of Representatives is to convene a plenary session at 10 a.m. Wednesday.

However, it remains unclear whether the lower chamber will be able to vote on a successor to Hata on Wednesday in view of intensifying parliamentary maneuverings by both the coalition and the no. 1 opposition Liberal Democratic Party to win over the socialists to their respective camps.

A source at the lower house's Diet steering committee, "it is in line with common sense that we should extend the Diet session by about a week until the second week of July, while seeking to pick a successor before the Naples Summit begins (July 8)."

Some LDP executives are trying to form a new coalition government comprising the LDP, SDP and new party Sakigake by forcing a vote during Wednesday's Diet session, while preventing the coalition from buying time to convince the SDP to return to its fold, Diet sources said.

"The coalition would not be able to extend the Diet if the LDP and SDP, which contains the proponents of an SDP-LDP alliance, jointly opposes such an extension," the source said.

In such an eventuality, the Diet would be forced to close its session temporarily and then hold an extraordinary session to pick a new premier and approve a bill defining the new 300 single-seat constituencies, the sources said.

Hata Welcomes Agreement on Korean Summit

OW2806132994 Tokyo KYODO in English 1314 GMT 28 Jun 94

[Text] Tokyo, June 28 KYODO—Prime Minister Tsutomu Hata on Tuesday welcomed the agreement between North and South Korea to hold their first summit meeting next month, saying it is "good news."

North and South Korean officials agreed earlier in the day to hold a meeting of their leaders in Pyongyang on July 25-27, followed by a second meeting at a later date, with the place still to be decided.

The summit would also have a good effect on the relations between Japan and North Korea, Hata told reporters.

On the prospects for Japanese economic and technological assistance to North Korea, Hata predicted smooth progress if the nuclear issue is settled in forthcoming high-level talks between the United States and North Korea.

IMF Chief Backs Dollar-Rescue Operation

OW2506035094 Tokyo KYODO in English 0322 GMT 25 Jun 94

[Text] Washington, June 24 KYODO—Michel Camdessus, managing director of the International Monetary Fund (IMF), expressed support Friday [24 June] for concerted international effort to support the dollar and said rapid appreciation of the yen would harm the Japanese economy.

"There are good reasons for the key central banks ... to give clear signals to the market that this instability is nonsense and must be stopped," he said in an interview with KYODO NEWS SERVICE.

The IMF chief said big swings in currency markets are bad for the economies involved. "Too rapid rise of the yen would be bad for the recovery timidly starting in Japan."

For the United States, he said, further depreciation of the dollar does not make sense because the U.S. economic fundamentals "are certainly at the best levels during the last 20 years."

Camdessus also dismissed arguments that the dollar-buying operation launched by the monetary authorities in the U.S. and other industrial powers has little effect on the market.

"This kind of thing cannot be (measured) on a daily basis, or on an hour-to-hour basis," he said.

"These interventions are effective not so much by the equilibrium of the market at a given moment but by the signal they give to the market players," he said.

Camdessus said that over time the currency market does serve as a barometer of economic health.

If intervention fails to produce a positive effect over time, "this could signal that further measures such as strengthening the macroeconomic picture could be needed, be it stimulating a little bit more the recovery in Japan, be it in the U.S. to make efforts to cut the deficit," he said.

"But," Camdessus added, "this is not the problem of today."

Camdessus also argued for the establishment of a so-called target zone for currencies, saying such a monetary system would yield more benefit than cost.

In the short term, he said, countries participating in a currency target system may have to pay higher prices in terms of economic growth or employment.

Over the long term, Camdessus said, the economic benefits of a target-zone system would be bigger because of stable currencies.

"It is my conviction that target zones, target ranges, target techniques, could be an important instrument to get a strengthened stability of exchange markets," he said.

Business Leader Wants U.S. Interest Rates Hiked

OW2706043694 Tokyo KYODO in English 0423 GMT 27 Jun 94

[Text] Tokyo, June 27 KYODO—A prominent businessman said Monday [27 June] Japan should urge the United States to raise interest rates and cut its deficit in order to cap the sharp appreciation of the yen against the dollar.

In a statement released Monday, Takeshi Nagano, president of the Japan Federation of Employers Association, said he is worried about the impact on the economy of the dollar's collapse and the political turmoil resulting from Prime Minister Tsutomu Hata's resignation.

Nagano warned an excessive appreciation of the yen could kill the Japanese manufacturing sector.

He called on the government for a speedy stimulation of domestic demand through deregulation and the opening of Japanese markets to imports.

The dollar temporarily plummeted to a new post World War II lows of 99.50 yen Monday morning in Tokyo.

Business Leaders Wary of Yen's Surge

OW2706114094 Tokyo KYODO in English 1124 GMT 27 Jun 94

[Text] Tokyo, June 27 KYODO—Japanese business leaders voiced anxiety Monday [27 June] about the yen's vigorous surge against the U.S. dollar in recent days, fearing a fallout on the fragile economy.

Many leaders pinpointed yet another political crisis triggered by the resignation of Prime Minister Tsutomu Hata on Saturday as a factor which drove the yen above the 100-to-the dollar level in Monday dealings in Tokyo.

They expressed hopes that the political tempest will be calmed and the yen stabilized, while calling for boosted joint intervention by major economic powers.

Kosaku Inaba, chairman of the Japan Chamber of Commerce and Industry, said the yen's surge is "a regrettable matter both for the Japanese and global economy."

Other leaders said the yen's renewed strength would rid the Japanese economy of the little vitality it has to recover.

Even officials in the electric power and retail sectors, which can benefit from a stronger yen, are worried that high-yen drawbacks will outweigh merits.

In the long term, the leaders also said, the high yen will accelerate the hollowing out of Japanese industry, encouraging further shifts to overseas production and boosting unemployment.

To bring the yen under control, the business community urged an end to the political turmoil and more powerful actions by financial authorities in major countries.

Takeshi Nagano, president of the Japan Federation of Employers Associations, noted the United States could take measures to stop the dollar's fall, such as reducing the budget deficit and a raising interest rates.

Itochu Corp. President Minoru Murofushi also suggested the Bank of Japan lower the official discount rate to discourage yen-buyers.

Fujii: Tokyo To Take 'Aggressive' Action on Yen

OW2706050994 Tokyo KYODO in English 0502 GMT 27 Jun 94

[Text] Tokyo, June 27 KYODO—Japan will take "aggressive" action to stem the yen's rise in cooperation with the Group of Seven (G-7) nations, Finance Minister Hirohisa Fujii told reporters Monday [27 June].

Fujii described the dollar's fall in Tokyo below 100 yen as "speculative" and said, "rapid movements are undesirable and this is a consensus among G-7 nations."

Fujii said G-7 partners are communicating on whether to take joint measures as they did last Friday, when the dollar fell below 100 yen in New York.

As for Japan, Fujii said, "we will tenaciously take utmost efforts" to defend the dollar against the yen.

Market sources said the bank of Japan bought billions of dollars when the Tokyo market opened Monday, after watching the dollar plunge below 100 yen in earlier trading in Sydney.

Asked if Japan's political turmoil contributed to the yen's rise, Fujii just repeated the movements are "speculative."

Fujii declined to comment on possible joint G-7 actions on credit policies, saying, "monetary measures are for the central bank to decide."

When the dollar tumbled in may on a broad front and nearly sank below 100 yen, G-7 nations intervened in currency markets and also took action on credit policies. The United States raised its key rates, Germany cut its key rates, other European nations followed suit and Japan maintained a loose stance on the money market.

Higher U.S. rates and lower rates in other nations will help the dollar become stronger as dollar assets will become favorable.

Saito on G-7 Talks on Dollar's Devaluation

OW2706101694 Tokyo KYODO in English 0953 GMT 27 Jun 94

[Text] Tokyo, June 27 KYODO—Japan and other Group of Seven (G-7) major nations are discussing "various measures," Vice Finance Minister Jiro Saito said Monday [27 June], suggesting joint intervention alone is ineffective in stemming the dollar's broad- based plunge.

The G-7 nations are in "close contact to exchange information to take various actions but details are not yet decided," Saito told a regular news conference.

Pressed by reporters if those measures would include joint credit-policy actions, Saito said the present currency movements are "not as easy as to cope with just by interest rate differentials."

He added, "there are various ways such as Japan's ongoing efforts to reduce its trade surplus."

The dollar fell below 100 yen in Tokyo despite last Friday's joint G-7 intervention after the U.S. currency plunged below that level for the first time in the postwar period in New York last Tuesday.

With the joint intervention failing to prop up the dollar, global market attention is fixed on whether the G-7 nations will cooperate in credit policies as they did when the dollar fell near to sinking below 100 yen in May.

Together with joint market action, the United States raised its key interest rates, while Germany cut the key rates with other European nations following suit, with Japan maintaining a loose stance on the money market.

Higher U.S. rates and lower rates in other nations help the dollar fall as dollar assets become favorable.

Saito said G-7 nations "are concerned about the rapid, speculative movements," analyzing the trend as the yen's rise against the dollar in sympathy with the upswings in the German mark and other European currencies.

Japan will "continue taking tenacious action through close contact with other G-7 nations," Saito said, expressing concerns over the effect on the recovering economy.

Yen's Appreciation Viewed as 'Detrimental'

OW2706072694 Tokyo KYODO in English 0714 GMT 27 Jun 94

[Text] Tokyo, June 27 KYODO—Vice Trade Minister Hideaki Kumano called Monday [27 June] for joint action by industrialized nations to stem the yen's rise against the dollar, calling the strong yen abnormal and detrimental to the global economy.

Kumano told a news conference the yen's sharp appreciation against the U.S. dollar does not reflect the fundamental factors of the Japanese economy and the government is concerned about it.

The yen closed at a postwar high of 99.93 yen against the dollar in Tokyo on Monday.

Kumano disagreed that the dollar's weakness against the German mark and other European currencies reflects the loss of confidence in the U.S. economy and added the dollar's decline is not desirable for the U.S. economy.

MITI Seeks Action for Stable Currency Market

OW2806031894 Tokyo KYODO in English 0308 GMT 28 Jun 94

[Text] Tokyo, June 28 KYODO—International Trade and Industry Minister [MITI] Eijiro Hata said Tuesday [28 June] he has asked the monetary authorities to take action to stabilize the currency market.

Steps should be taken so that a burgeoning pickup of the Japanese economy will be sustained and shifted to a full recovery, Hata told reporters.

Hata said he explained "the voice" of Japan's industrial sectors struggling under the unmitigated strength of the yen when he met with Finance Minister Hirohisa Fujii earlier in the day.

Fujii replied Japan is prepared to take action in concert with other Group of Seven (G-7) industrial countries, Hata said.

He said he has heard that the currency issue will be taken up at the upcoming G-7 summit in Naples, Italy.

The dollar sank to a new global low of 99.50 yen in Monday's Tokyo trading momentarily.

Industries on Measures To Overcome High Yen

OW2706110094 Tokyo KYODO in English 1046 GMT 27 Jun 94

[Text] Tokyo, June 27 KYODO—Japanese industries have begun studying measures to overcome the rising value of the yen, including importing low-priced materials from overseas, industry sources said Monday [27 June].

The yen has been on an uptrend [upward trend] against the U.S. currency, closing in Tokyo Monday at a postwar high of 99.93 yen against the dollar.

Mitsubishi Motors Corp. and Nissan Motor Co., are now considering importing rolled steel from South Korea for use in their vehicles, the sources said.

They said rolled steel imported from South Korea is about 20 percent cheaper than the domestic product.

Mitsubishi plans to use South Korean rolled steel for the interior of its cars, such as the inner face of doors, they said.

In addition, domestic shipbuilders, facing rising competition from South Korea, launched a study last year to import low-priced steel materials, the sources said.

Mitsubishi Heavy Industries Ltd. has decided to import steel materials from South Korea and Brazil on a spot deal, and its imports of shipbuilding materials this year are expected to account for around 5 percent of the procurement, they said.

Shipbuilding firms are in a dilemma over the increasing use of imported materials, however, as customers want prices to be cut in line with cheaper production costs.

For similar reasons, construction and other industries are hesitating to increase imports of raw materials from overseas, the sources said.

They said automobile makers and shipbuilders are using low-priced imports as a tool for price bargaining with domestic steelmakers.

Export-oriented industries have been hit hard by the strong yen.

Kyushu Matsushita Electric Co., an affiliate of the world's leading consumer electronics maker Matsushita Electric Industrial Co., said the yen's rise by 1.00 yen per dollar will produce a loss of 1.8 billion yen per year.

The company has mapped out its business projection for the current year on the yen-dollar exchange level of 105 yen per dollar.

Yoshihiro Yasui, president of Japan's top sewing machine maker Brother Industries Ltd., described the yen's rise above the 100 yen per dollar level as epoch-making.

Yasui said dollar-yen exchange rates are moving on speculation regardless of fundamental economic factors.

NHK Poll: Strong Yen May Affect Employment

OW2806030794 Tokyo NHK General Television Network in Japanese 1012 GMT 27 Jun 94

[Announcer-read report by NHK Economic Department reporter Eiichi Meguro on NHK's "emergency survey" on the yen's appreciation]

[Text] In connection with the yen's current appreciation, NHK conducted an emergency survey today with 30 major exporting companies, including automakers and electrical appliance companies. According to the survey, two-third of them initially expected to make greater business profits this year, and they hoped that their business would recover. However, only 7 percent of these respondents said that they will earn higher profits even if the dollar remains at the level of 100 yen. On the other hand, nearly 40 percent of them said their business profits will decline.

As for the economic situation as a whole, 15 companies said that the economic recovery will be delayed, while 14 companies expressed concern that the economy will deteriorate again. It can be said that they consider the situation to be very serious.

When asked about measures to counter the yen's appreciation, 17 companies plan to increase their overseas production, while 13 companies plan to expand their imports of parts from foreign countries. They intend to deal with the yen's current appreciation by reducing costs through increasing both overseas production and the imports of parts.

If they increase production at their plants abroad, it is feared that this will cause industrial stagnation in Japan. For example, there are concerns that this will affect domestic employment and technological development.

As for domestic employment, only 30 percent of these respondents said that they are going to maintain their current number of workers. On the other hand, nearly 60 percent of them said that they are going to decrease the number of their employees. On the question of by what percentage they intend to reduce their work forces, we got answers from nine companies. While nine companies plan to decrease their work force by less than 10 percent, one company plans to decrease its work force by 30 percent.

If major companies promote rationalization, this will affect subsidiary companies. It is feared that the domestic employment situation will become more serious in the future.

Effects of Strengthened Yen on Firms Analyzed

OW2606081194 Tokyo KYODO in English 0702 GMT 26 Jun 94

["News Focus: Yen's Renewed Surge May Threaten Firms' Restructuring"]

[Text] Tokyo, June 26 KYODO—The renewed strength of the yen is likely to obstruct corporate Japan from pushing ahead with restructuring prompted in part by the protracted recession and in part by persistent appreciation of the yen.

Japanese industry views the current rise of the yen as a "temporary phenomenon."

Corporate Japan appears still confident that the economy will head for a substantial recovery in the latter half of the current fiscal year which started in April.

But it is also certain that the dollar's slide to below 100 yen in New York trading last Tuesday [21 June] chilled business and consumer confidence, coming as it did at a time when Japanese businesses have started embarking on full-scale restructuring.

Despite concerted market interventions by the central banks of the United States and major European countries late last week, the dollar failed to regain strength in New York.

The Smokestack Steel Industry in Japan is struggling to bolster its structure that has long been vulnerable to foreign exchange movements.

Hiroshi Saito, chairman of the Japan Iron and Steel Federation, says, "The steel industry seems to have hit bottom," citing an upturn in crude steel production, higher steel prices in international markets and steady growth in exports.

On the domestic front as well, the steel industry stands to benefit from a fledgling pickup of its main user, the automotive industry.

"We can compete with our overseas rivals if the yen stays around 110 to the dollar," says Reiji Nakato, managing director of Kawasaki Steel Corp.

There is a danger of the yen's renewed surge putting a drag on steel manufacturers' cost-cutting, restructuring efforts, however.

Says Yoshiro Sasaki, vice president of Nippon Steel Corp., "The effect of restructuring will weaken if we fail to achieve production targets. Moreover, we're concerned about a possible cooling-off in consumer confidence."

In order to keep consumer sentiment from cooling, Japan needs to take measures immediately to pass benefits from a high yen on to consumers and rectify its external trade imbalances, he says.

In the 1980s, Japanese consumers benefited from a strong yen in a limited number of areas, with prices of consumer goods remaining high relative to those abroad.

The yen's rapid rise was touched off by the 1985 Plaza Accord reached among finance ministers of the Group of Five (G-5) industrial powers.

Of late, however, a price gap between Japan and overseas has been narrowing.

An official of major supermarket operator Seiyu Ltd. says, "domestic prices will go down further," expressing a readiness to join in efforts to push down prices by taking advantage of the yen's appreciation.

Meanwhile, electrical machinery and automobile manufacturers are stepping up "transplant" production by shifting output to their overseas footholds.

Toyota Motor Corp. has raised the ratio of overseas production to the total output to 40 percent. The largest Japanese automaker is to discontinue exports of small trucks to the United States next January and churn out such trucks entirely in that country.

But industry analysts point out that it seems hard for lower-ranked car manufacturers to boost overseas operations because of weaker financial positions.

An auto industry official predicts the yen's unabated strength will bring into bold relief the mixed performances of automakers.

Performance gaps between companies and industries are expected to widen for the coming years if the yen stays high.

Yen's Appreciation, Intervention Efforts Reviewed

OW2706114994 Tokyo KYODO in English 1117 GMT 27 Jun 94

["News Focus" by Keiko Tatsuta: "Dollar-Buying Central Bank Intervention Seen Makeshift]

[Text] Tokyo, June 27 KYODO—Despite the Bank of Japan's efforts to pin the dollar above the 100 yen level, the fragile currency finally surrendered the psychological barrier during Tokyo trading hours Monday [27 June] for the first time since the end of World War II.

Even after last Friday's concerted intervention overseas by some 16 major central banks, the dollar's weak trend has continued.

After hitting a new global postwar low of 99.50 yen in morning Tokyo trading, the dollar closed Monday at 99.93 yen, easily renewing its previous Tokyo closing low of 100.40 yen recorded last Friday.

The Bank of Japan actively stepped into the market from the opening to buy up the dollar for the yen in large amounts, which momentarily pushed it up back to 100.30 yen but failed to keep it above 100 yen at the closing.

The effect of Monday's intervention by the Bank of Japan was "so- so," considering the somewhat smaller amount than last week, said Kazuo Takayama, foreign exchange director at Barclay's Bank.

Coordinated central bank intervention, however, could have impact only in combination with cooperation on monetary policy, Takayama said

Washington's stance to defend the dollar was not clear yet with the concerted intervention Friday night, Takayama said.

Takayama suggested there is a need for the United States to raise its key interest rates and for Japan and Germany to lower theirs to support the dollar.

Considering the dollar's current weakness, vigorous concerted intervention in may turned out to be ineffective in the long run, said Yuko Fukakusa, manager of the treasury division at Tokai Bank.

Last Friday's coordinated intervention was also futile, or otherwise created the best chance for selling, because the timing was premature, Fukakusa said.

To stop the dollar's further slip, however, intermittent central bank intervention may be a must, Fukakusa said.

Although another dive in the dollar could be expected from a short-term point of view, such intervention may have gradual effect to brace the dollar, she said.

There is a growing view that the U.S. Federal Reserve Board will finally decide to raise its base interest rates to prevent the dollar's further drop, market watchers said.

A strategist at Daiwa Institute of Research said there is a need for U.S. monetary authorities to either abandon the present policy of keeping interest rates extremely low, or carry out large-scale concerted intervention.

He said, however, since the possibility is remote that the U.S. will hike interest rates, Japan may be forced to cut its official discount rate as an emergency measure.

Finance Minister Hirohisa Fujii told reporters Monday that Japan will take "aggressive" action to stem the yen's rise in cooperation with the Group of Seven (G-7) industrialized nations.

Fujii declined to comment on possible joint G-7 actions on credit policies, however, saying, "monetary measures are for the central bank to decide."

Government officials tried to react calmly but firmly to the dollar's fall below 100 yen, with one official saying, "We will not make a fuss about the yen's appreciation and remain calm."

"Our being upset will adversely affect the exchange rate," the official said, while noting that immediate concerted intervention is the only way to check the yen's further rise.

Mongolia

Official Visits Moscow, Discusses Security Issue

BK2406080394 Ulaanbaatar MONTSAME in English 1622 GMT 23 Jun 94

[Text] Ulaanbaatar, June 23. (OANA-MONTSAME)—The secretary of the National Security Council of Mongolia J. Enhsaihan was on an official visit to the Russian Federation in June 19-23 at the invitation of his Russian colleague O.I. Lobov. During meetings and talks they have exchanged views on many aspects of Mongolian-Russian mutual relations. In view of J. Enhsaihan and O.I. Lobov priority importance in the Mongolian-Russian mutual relations should be attached to the issues of regional and international security, strengthening nuclear free status of Mongolia, economic security, struggle with criminality, international terrorism, illegal transit transportation of arms, narcotics.

In the near future a visit of the secretary of the National Security Council of the Russian Federation to Mongolia is expected, as a result of which a document on cooperation in the national security sphere will be signed, informs today the press service of the Ministry for External Relations of Mongolia.

UNDP To Fund Management Development Program

BK2406082294 Ulaanbaatar MONTSAME in English 1625 GMT 23 Jun 94

[Text] Ulaanbaatar, June 23 (OANA-MONTSAME)—Permanent representative of the United Nations Development Program to Mongolia Jan. V. Switering and the chairman of the National Development Department of Mongolia Ch. Ulaan signed today the projects concept on development of management and management system, reforming the state governing and state service, to a value of 2.7 million U.S. dollars. With signing of these documents realization of the government programme of development of management meant for 5 years and directed to reforming the state governing and management will start in cooperation with the UNO, donor countries, international organizations. Four other projects of the given programme on decentralization and consolidation of local administrations, development of the private sector of economy, structural reconstruction of privatized enterprises, strengthening of the system of training of officials are also planned to be realized with technical assistance of Sweden, Japan, Denmark, Holland, Germany, Australia and other countries in the course of the coming five years.

'Revived' NOVOSTI MONGOLII Published

BK2806013694 Ulaanbaatar MONTSAME in English 1701 GMT 27 Jun 94

[Text] Ulaanbaatar, June 27 (OANA-MONTSAME)—The first issue of the revived newspaper "NOVOSTI MONGOLII" has appeared. The newspaper started appearing in Russian language from 1942, but in January in 1991 it was closed because of financial difficulties, well-known complications in the Mongolian-Soviet relations.

Today "NOVOSTI MONGOLII" is revived rather as an economic commercial newspaper. In the new issue the majority of materials is devoted to problems of Mongolian-Russian economic relations. The newspaper publishes the interviews of the vice-premier C. Purebdorj, the ambassador of the Russian Federation to Mongolia S.S. Razov, an article by the well-known scientist-economist, Dr. P. Nergui devoted to Mongolian economy of the present day and tendencies for her development.

The newspaper also publishes materials about cultural life and information for foreign tourists.

On the occasion of the first issue of "NOVOSTI MONGOLII" the ceremony of presentation was held today at the House of Russian Science and Culture.

MONTSAME Carries 23 Jun Press Review

BK2406072794 Ulaanbaatar MONTSAME in English 1622 GMT 23 Jun 94

[Text] Ulaanbaatar June 23 (MONTSAME-OANA)—The newspaper ARDIYN ERH informs that at the spring session of the State Great Hural (SGH) discussion of the draft law on land continues. The newspaper publishes a report on the theoretical-practical conference on the theme "External Policy of Mongolia for 1990's" which was held in June 20-21 at the Ministry for External Relations. At the openning of the conference which was organized by the Ministry for External Relations jointly with the Institute of International Relations of the Mongolian State National University present was the President P. Ochirbat. The participants to the conference in their speeches have pointed out to an importance of pursuing an active far-sighted external policy of Mongolia taking into consideration the country's interests, the present state and perspectives for development of international relations.

The newspaper ARDIYN ERH carries the greetings of the President of the USA Bill Clinton to the collective of the Ulaanbaatar Economic College, which is celebrating now its 70th jubilee.

The newspaper publishes some information about the events taking place in the country. It informs, in particular, that the editorial board of the newspaper TONG-A ILBO of the Republic of Korea has sent as a gift a printing machine to the editorial board of the newspaper ARDIYN ERH, about opening in the northwest of the Mongolian capital of a new market [words indistinct] of the trade-production concern Hangamj.

The state central organ publishes an interview of its correspondent with the chief of the chancellery of the President of Mongolia M. Enhsaihan, who has been to Germany at the invitation of the chief of the chancellery of the president of the FRG A.M. Landrut.

During the visit M. Enhsaihan has got acquainted with experiece of political education in Germany on the line of the Konrad Adenauer Fund. ARDIYN ERH publishes a big article of the State Great Hural member, well-known Mongolian poet, state prize laureate Bavuugiin Khagvasuren. In his article the poet points out to the absence of close ties of the people wih president, parliament and government.

The newspaper acquaints the readers with the soloist of the State Academic Theatre of Opera and Ballet, who played the main role of Chinggis Khaan in the feature film. [Words indistinct] ARDIYN ERH publishes advertisement of the Shiluustei Soum of Dzabhan Aymag and the Myangad Soum of Hobd Aymag, which will celebrate this year their 70th jubilee.

The newspaper informs in particular about arrival in Brussels of the Minister of Foreign Affairs of the Russian Federation A. Kozyrev, about visit to the USA of the head of the Government of Russia V. Chernomyrdin.

The trade union newspaper HODLOMOR publishes on its pages the draft law on indexation of incomes of the population and the minimum volume of wages.

North Korea

Pyongyang, Seoul Agree To Top-Level Talks

Radio Reports Preliminary Contact

SK2806012494 Pyongyang Korean Central Broadcasting Network in Korean 0110 GMT 28 Jun 94

[Text] A preliminary contact for top-level talks between the North and the South has begun. A preliminary contact for top-level talks between the North and the South has begun in the South side area at Panmunjom at 1000 [0100 GMT] on 28 June.

Kim Yong-sun, chairman of the Reunification Policy Committee of the Supreme People's Assembly and head of our delegation; An Pyong- su, vice chairman of the Committee for the Peaceful Reunification of the Fatherland; Paek Nam-chun, chief councilor in the Administration Council; and the delegates from our side, attended the contact.

The contact continues.

KCNA Reports Contact

SK2806040794 Pyongyang KCNA in English 0359 GMT 28 Jun 94

[Text] Panmunjom, June 28 (KCNA)—A preliminary contact for North-South top-level talks began at the Southern portion of Panmunjom at 10 a.m. today.

Present at the contact on the North side were chief delegate Kim Yong-sun, chairman of the Reunification Policy Committee of the Supreme People's Assembly, and delegates An Pyong-su, vice-chairman of the Committee for the Peaceful Reunification of the Fatherland, and Paek Nam-chun, chief councillor of the Administration Council.

The contact is going on.

Chief Delegate Delivers Keynote Speech

SK2806034494 Pyongyang Korean Central Broadcasting Network in Korean 0157 GMT 28 Jun 94

[Text] A preliminary contact for top-level talks between the North and the South is continuing.

At the contact, Kim Yong-sun, chairman of the Reunification Policy Committee of the Supreme People's Assembly, and head of our side's delegation, made a keynote speech.

The contents of the keynote speech are as follows:

Mr. Yi Hong-ku, senior delegate, and delegates of the South side, today we are seated together cherishing the important mission of preparing for North-South top-level talks. I am pleased that both sides are holding a preliminary contact today after reaching an agreement [kyonhaeui ilchirul pogo] on holding top-level talks.

We are very close to 1995, the year which all fellow countrymen hope will be the first year of reunification, and leave but one year before the 50-year mark of national division which we should no longer pass over.

However, the reality facing our nation is grave. Rather than removing misunderstanding, distrust, enmity, and confrontation between the North and the South, they have been accentuated, and even encouraged by outside forces. In such a situation, we were faced with a dangerous phase where even unstable peace [pulanjonghan pyonghwa] was endangered.

Our people are now at the crossroads of choosing one of two roads, either peace or war, or reunification or national common destruction [minjogui kongmyolinya], which cannot coexist.

At this solemn point, all fellow countrymen are looking to the patriotic determination [aegukchogin kyoltanul] of the top-level leaders of both sides more ardently than ever before.

We firmly believe that the convocation of top-level talks between the North and the South will be an important historic occasion for correctly setting the direction of our nation.

Delegates from the South side, the authority of top-level leaders of the two sides and the destiny of the nation are entrusted to North-South top-level talks, and the interest of the world is focused on these talks.

The North-South top-level talks should become, at any cost, successful talks which achieve national reconciliation and unity of all of the countrymen and which give a bright hope for the country's peace and for its independent and peaceful reunification. We have consistently adhered to the position of marking the turning point for the start towards realization of the country's reunification through top-level talks without outside forces' interference.

As your side knows, the respected and beloved President Kim Il- song personally initiated top-level talks as early as May 1972, when North-South dialogue first began, and since then, has paid special attention to seeing to it that top-level talks, which will be of significance for the country's reunification, are held.

Our proposal for the exchange of special envoys in May last year was also part of our efforts for top-level talks. However, these efforts failed to bear due fruit.

It is indeed fortunate that the top-level talks which failed to be realized for the scores of years in the past have come to witness their rays for the first time today, 50 years since the country was divided. We think that precisely in this foundation lies our common position of worrying over the nation's today and tomorrow. We would like to believe that this position is precisely a manifestation of the independent spirit of shaping the nation's destiny with our Korean people's own strength.

If there are no differences in this national independent spirit between the North and the South, we can say that success of top- level talks has been guaranteed, because the top-level talks' ideal of linking the North and the South into one body is based precisely on our national, independent spirit, the source of our nation's will and strength to shape our destiny with our own strength, and the firm guarantee for defending the nation's common interests without falling prey to outside forces victimizing our nation's interests.

If the two sides start with this independent spirit and the nation's position, the North and the South will be able to achieve reconciliation and unity; easily transcend all differences in accordance with the principles of independence, peaceful reunification, and great national unity; overcome the difficult situation with the nation's united, national independent strength; and, thus, stand on the peak of reunification and prosperity which all fellow countrymen desire.

The North-South top-level talks that we are now going to have, will become the creation of a great new national history where the the history of antagonism that continued for half a century in our country changes into a history of great national unity; the history of confrontation becomes a history of peace; and the history of division becomes a history of reunification. It will undoubtedly give our 70 million fellow countrymen bright hope for reunification in the nineties and will also regain the great pride of our nation which has outstanding history, tradition, and wisdom.

This will also give great happiness to the world's peace-loving people who are worried about the situation on the Korean peninsula.

While frankly stating our basic views on the pressing top-level talks between the North and South, and emphasizing the important responsibility of both sides for the successful preparation of the historic top-level talks between the North and South, I will now put forth our proposal on the basic issues to be discussed at the preliminary contact.

First is the issue of the venue of the top-level talks. We propose that the venue of the top-level talks be held in Pyongyang. As your side knows, when President Kim Yong-sam was in the opposition party, the respected and beloved President Kim Il-song had already asked him to visit Pyongyang, and President Kim Yong-sam had repeatedly expressed the will that he will meet with President Kim Il-song, irrespective of the venue, and that he will visit Pyongyang. We believe that setting Pyongyang as the venue coincides with the will of the top-level of both sides.

Second is the issue of the date of the top-level talks. We propose to hold the top-level talks in mid-August. We believe that this date is significant because it is right about the day when the North and South all celebrate 15 August.

Third is the issue of the working-level procedure for the top- level talks between the North and South. We must discuss various working-level procedural issues for holding the top-level talks. We believe that except for important issues such as the venue and date, it is rational to provide a delegates' contact right after today's contact ends with one delegate from the preliminary contact of each side and two suite members of each side to discuss the other working-level issues. The delegates' contact should start from 1 July, and should be able to discuss issues such as the organization and scope of the delegation, schedule of sojourn, dispatch of advance team, procedures for exchange of visits, guarantee of accommodations, guaranteeing personal safety, and other working- level issues.

Fourth is the issue of creating an atmosphere for holding the top-level talks. If the talks are to be successful so that the top- levels of the North and South can meet, we believe that it is important for both sides to create a good atmosphere. Thus, we propose that from 1 July both sides completely stop all acts that may cloud the atmosphere for the top-level talks.

As such, while putting forth our proposal regarding the holding of the top-level talks between the North and South, we propose that an agreement on the preliminary contact for the top-level talks between the North and South be adopted along these lines so that it can be announced today.

KCNA Reports Keynote Speech

SK2806043894 Pyongyang KCNA in English 0423 GMT 28 Jun 94

["Keynote Speech by Chief Delegate of North Side at Preliminary Contact for North-South Top-Level Talks"—KCNA headline]

[Text] Panmunjom, June 28 (KCNA)—Kim Yong-sun, chairman of the Reunification Policy Committee of the Supreme People's Assembly and chief delegate of the North side, made a keynote speech at the preliminary contact for the North-South top-level talks currently under way in the southern portion of Panmunjom.

Noting that the reality facing the Korean nation now with one year to go before the 50th year of national division is grim, he expressed the belief that the holding of the North-South top-level talks would mark an important historical occasion in setting right the orientation of our nation.

He said:

The North-South top-level talks concern the prestige of the top-level authorities of both sides and the destiny of the nation and worldwide concern is focussed on the talks.

The North-South top-level talks must be successful talks on all accounts to promote national reconciliation and unity and give all the fellow countrymen bright hopes of peace and independent and peaceful reunification of the country.

It is our consistent stand to open a dramatic phase for achieving national reunification through top-level talks without any outside interference.

As your side knows, respected President Kim Il-song personally initiated top-level talks already when the North-South dialogue began in May 1972 and has made particular efforts to arrange meaningful top-level talks for the reunification of the country.

Our proposal in May last year for the exchange of special envoys was also part of the efforts for top-level talks.

But these efforts failed to bear a proper fruit.

It is, indeed, very lucky that the top-level talks which have failed to be realized for the past decades are going to see the light now, 50 years after division. Underlying this, I think, is the common stand of us concerned over the present and future of the nation.

We would like to believe that this stand is, indeed, a manifestation of the spirit of independence for shaping the destiny of our nation by the efforts of Koreans themselves.

We can say a success of the top-level talks is guaranteed, if the North and the South do not differ in this spirit of national independence. For, lying in this are the supreme idea that links the North and the South by one bond, the source of the nation's will and strength capable of shaping our destiny by ourselves, and a sure guarantee for defending the common interests of the nation without playing into the hands of outside forces that make scapegoats out of the interests of our nation.

If both sides proceed from this spirit of independence and national stand, the North and the South can get reconciled to and unite with each other, transcending all difference in conformity with the principles of independence, peaceful reunification and great national unity, break the deadlock by the united efforts of the nation itself and climb a peak of reunification and prosperity as desired by all the fellow countrymen.

The North-South top-level talks we are going to arrange will mean creating a great new history of the nation, an undertaking for turning the history of antagonism which has lasted for half a century in our country into a history of great national unity, and the history of confrontation into a history of peace, and the history of division into a history of reunification.

It will no doubt bring to our 70 million fellow countrymen bright hopes of reunification in the 1990s and restore the high pride of our nation with a fine history, tradition and resourcefulness.

It will also give great joy to the peaceloving people of the world who are concerned over the situation on the Korean peninsula.

This is our basic view of the forthcoming North-South top-level talks. Stressing the heavy responsibility of both sides in successfully preparing the historical North-South top-level talks, I would like to put forward our proposal concerning the basic matters that should be discussed at the current preliminary contact.

First, the venue of the top-level talks.

We propose that Pyongyang be designated as the venue of the top-level talks.

As your side also knows, respected President Kim Il-song already invited "President" Kim Yong-sam to visit Pyongyang when the latter active in an opposition party and "President" Kim Yong-sam has repeatedly expressed his willingness to meet President Kim Il-song at any place and visit Pyongyang.

We believe the designation of Pyongyang as the venue of the talks accords with this will of the top level of both sides.

Second, the date of the top-level talks.

We propose that the talks be held in mid-August.

We think it is a significant time because it is around the liberation day of August 15 both the North and the South celebrate.

Third, working procedures for the top-level talks.

Various working procedures must be discussed for the top-level talks.

We think it reasonable to discuss the working matters except such important ones as the venue and date of the talks at a contact of delegates—a delegate and two support personnel from each side—immediately after today's contact.

The contact of delegates may begin on July 1 and discuss the composition and size of the delegation, the schedule of stay, the dispatch of an advance team, the procedures of travel, offer of conveniences, guarantee of personal safety and other matters of working procedures.

Fourth, the creation of an atmosphere for the top-level talks.

We think it important for both sides to create a good atmosphere, if the talks between the top-level authorities of the North and the South are to be arranged with success. Therefore, we propose that both sides stop any act that may mar the atmosphere of the top-level talks from July 1.

This us our side's proposal concerning the opening of the North-South top-level talks. We suggest that an agreement of the preliminary contact for the North-South top-level talks containing this idea be adopted and published today.

Radio Notes Agreement for N-S Summit

SK2806132394 Pyongyang Korean Central Broadcasting Network in Korean 1238 GMT 28 Jun 94

[Text] A deputy premier-level preliminary contact to hold North-South top-level talks [choegowigup hoedam] took place in Panmunjom on 28 June 1994. At the contact, the two sides agreed on the following points:

The two sides will hold North-South top-level talks in Pyongyang from 25 to 27 July 1994.

The itinerary of the stay can be extended further if necessary.

The next talks will be decided on at the will of the two sides' top-level officials [choegowigubui ttusettara].

The composition and scale of the delegation to North-South top- level talks, formats of talks, an itinerary, dispatch of advance teams, procedures of visits, guarantee of conveniences, guarantee of personal safety, and other procedural matters will be discussed and agreed at a delegates contact attended by, from each side, one delegate to the preliminary contact and two accompanying officials.

A delegates contact will be held at Tongilgak, on the North side's area of Panmunjom, at 1000 on 1 July, Friday, 1994.

The two sides will make joint efforts to built atmospheres of North-South top-level talks favorable to reconciliation, unity, trust, and understanding.

28 June 1994

[Signed] Kim Yong-sun, chairman of the Reunification Policy Committee of the DPRK Supreme People's Assembly and head of the North side's delegation to a vice premier-level preliminary contact for North-South top-level talks

Yi Hong-ku, ROK [taehan minguk] deputy prime minister and minister of the National Unification Board and senior delegate of the South side to a vice premier-level preliminary contact for South-North top-level talks

Radio Recaps 28 Jun Contact

SK2806144494 Pyongyang Korean Central Broadcasting Network in Korean 1230 GMT 28 Jun 94

[Text] A vice premier-level preliminary contact for historic North-South top-level talks took place today in Panmunjom amid the attention of all fellow countrymen and the world, that earnestly yearn for peace on the Korean peninsula and the fatherland's independent, peaceful reunification.

With the attention of compatriots in the North and South and abroad and the world, who hope that North-South top-level talks will take place for the first time in the history of national division, which has lasted a half century, at the earliest possible date and, thus, open a new phase in the fatherland's reunification, and with the expectations of the world, Panmunjom was today filled with numerous reporters from the North and South and foreign reporters.

Members of our side's delegation led by Kim Yong-sun, chairman of the Reunification Policy Committee of the Supreme People's Assembly, and accompanying officials and members of the South side's delegation led by Yi Hong-ku, deputy prime minister and minister of the National Unification Board, and accompanying officials came to the preliminary contact at 1000.

At the contact, the heads of the two sides' delegations each made a keynote speech to express each's position on holding North-South top-level talks.

In the speech, the head of our side's delegation pointed out that he was pleased that both sides were holding a preliminary contact today after reaching an agreement on holding top-level talks. He went on to say:

We are very close to 1995, the year which all fellow countrymen hope will be the first year of reunification, and leave but one year before the 50-year mark of national division which we should no longer pass over.

However, the reality facing our nation is grave. Misunderstanding, distrust, enmity, and confrontation between the North and the South have been intensified, rather than being removed, and they have been even further promoted by outside forces. In such a situation, we were faced with a dangerous phase where even unstable peace would be endangered.

Our people are now at the crossroads of choosing one of two roads, either peace or war, or reunification or national common destruction [minjogui kongmyorinya], which cannot coexist.

At this solemn point, all fellow countrymen are looking to the patriotic determination [aegukchogin kyoltanul] of the top-level leaders of both sides more ardently than ever before.

We firmly believe that the convocation of top-level talks between the North and the South will be an important historic occasion for correctly setting the direction of our nation.

The North-South top-level talks should become, at any cost, successful talks that will give all fellow countrymen a bright hope for national reconciliation and unity and peace in the country and its independent, peaceful reunification. We have consistently adhered to the position of marking the turning point for the start towards achieving the country's reunification through top-level talks without outside forces' interference.

The respected and beloved President Kim Il-song personally initiated top-level talks as early as May 1972, when North-South dialogue first began, and since then, has paid special attention to arranging top-level talks, which will be of significance for the country's reunification.

Our proposal for the exchange of special envoys in May last year was also part of our efforts for top-level talks. However, these efforts failed to bear due fruit.

It is indeed fortunate that the top-level talks which failed to be realized for the scores of years in the past have come to witness their rays for the first time today, 50 years since the country was divided. We think that precisely in this foundation lies our common position of worrying over the nation's present and future. We would like to believe that this position is precisely a manifestation of the independent spirit of shaping the nation's destiny with our Korean people's own strength.

We can say the success of the top-level talks is guaranteed if the North and the South do not differ in this spirit of national independence because lying in this spirit of national independence is the supreme idea that links the North and the South by one bond—the source of the nation's will and strength capable of shaping our destiny by ourselves—and a sure guarantee for defending the common interests of the nation without playing into the hands of outside forces that make scapegoats out of the interests of our nation.

If the two sides start with this independent spirit and the nation's position, the North and the South will be able to achieve reconciliation and unity after easily transcending all differences in accordance with the principles of independence, peaceful reunification, and great national unity; overcome the difficult situation with the nation's united national independent strength; and, thus, stand on the peak of reunification and prosperity which all fellow countrymen desire.

The North-South top-level talks that we are now going to arrange, will become the creation of a great new national history where the history of antagonism that continued for half a century in our country changes into a history of great national unity; the history of confrontation becomes a history of peace; and the history of division becomes a history of reunification. It will undoubtedly give our 70 million fellow countrymen a bright hope for reunification in the nineties and will also regain the great pride of our nation which has outstanding history, tradition, and wisdom.

This will also give great happiness to the world's peace-loving people who are worried about the situation on the Korean peninsula.

The head of our side's delegation stressed the important responsibility of both sides for the successful preparation of the historic top-level talks between the North and South and expressed the following position of ours on the basic issues to be discussed at the preliminary contact.

First is the issue of the venue of the top-level talks. We propose that the venue of the top-level talks be held in Pyongyang.

This is because when the South Korean side's president [taetongnyon] was in the opposition party, the respected and beloved President Kim Il-song already asked him to visit Pyongyang and because the South Korean president repeatedly expressed the will to meet with President Kim Il-song, irrespective of the venue, and visit Pyongyang.

Second is the issue of the date of the top-level talks. We propose to hold the top-level talks in mid-August. We believe that this date is significant because it is around the day when the North and South all celebrate the 15 August [national liberation].

Third is the issue of the working-level procedure for the top-level talks between the North and South.

We believe that it is reasonable to arrange, right after today's contact ends, a delegates contact attended by a delegate to the preliminary contact and two accompanying officials from each side and discuss working-level issues, except for important issues such as the venue and date. The delegates contact should start from 1 July, and should be able to discuss the composition and scale of the delegation, the itinerary of the stay, dispatch of advance teams, procedures for visits, guarantee of conveniences, guarantee of personal safety, and other working-level issues.

Fourth is the issue of creating an atmosphere for holding the top-level talks. To make the talks, during which the top-level leaders of the North and South will meet, successful, we propose that from 1 July both sides completely stop all acts that may cloud the atmosphere for the top-level talks.

Then, the head of our side's delegation presented a draft agreement of the preliminary contact for North-South top-level talks, a draft agreement that contains the above-mentioned facts.

A sincere discussion took place at the preliminary contact, focusing on the venue and time of the North-South top-level talks.

At the contact which was held from 1000 until 1750, the two sides reached a consensus of views on all points in the agreement on holding North-South top-level talks, drafted the text, and adopted a formal letter of agreement.

The heads of the two sides' delegations each signed the agreement and exchanged the texts.

In today's contact, our side's showed sincerity and generosity to hold North-South top-level talks in compliance with all fellow countrymen's earnest desire and expectations.

Daily Denounces South's Nuclear Arms Development

SK2806051594 Pyongyang KCNA in English 0457 GMT 28 Jun 94

["Nuke Development is Impermissible"—KCNA headline]

[Text] Pyongyang, June 28 (KCNA)—The South Korean authorities' nuclear arms development can never be allowed, stresses MINJU CHOSON today.

Describing the June 23 memorandum of the Committee for the Peaceful Reunification of the Fatherland as an indictment of their development of nuclear weapons, the news analyst says:

The South Korean authorities have long since promoted the development of nuclear weapons, laying stress on the development of reprocessing facilities.

The post-irradiation test facility in the Taedok complex is a reprocessing facility under the veil of "test." The facility was completed in 1985 and put into full operation in 1987. With an investment of tens of billions of won, it has been expanded into a large one today.

The post-irradiation test facility, closely linked with the multi-purpose research reactor, forms a plutonium production system. Its danger is increasing still further.

In South Korea, insufficiently spent nuclear fuel discharged from the heavy water reactor and the multipurpose research reactor is systematically reprocessed at the post-irradiation test facility to extract plutonium. A total of 50 kg of plutonium has so far been extracted.

The South Korean authorities also scheme to import a large quantity of plutonium lawfully. The purpose of the development of a fast heavy water reactor they have promoted is the production and import of a large quantity of plutonium. When their development of a fast heavy water reactor faced strong opposition at home and abroad, they recently chose a remodeled light water reactor as the next-generation reactor. But this was intended to mislead public opinion.

Their development of nuclear weapons has got more undisguised these days.

The South Korean authorities must immediately give up the nuclear arms development and open to the public the truth of their nuclear arms development and apologize for it, as demanded by the Korean people and the world peaceloving people.

If they continue to proceed with nuclear weapons development, they will encounter stronger opposition from the home and foreign public and meet their doom.

Reunification Via 'National Independence' Urged

SK2806104794 Pyongyang KCNA in English 1007 GMT 28 Jun 94

["All Matters Must Be Solved on Principle of National Independence"—KCNA headline]

[Text] Pyongyang, June 28 (KCNA)—NODONG SINMUN today comes out with a by-lined article calling for solving all matters for national reunification on the principle of national independence.

Noting that to adhere to the principle of national independence is an urgent demand for removing the danger of war created on the Korean peninsula and defending the exisoence of the nation, the article says:

Keeping to the principle of national independence constitutes the starting point in achieving national reunification, the long cherished desire of the fellow countrymen, and establishing sovereignty of the nation throughout the country.

Outside forces which divided our country will never make a present of reunification to our people.

If some forces intend to attain a sinister aim in reliance on the strength of outside forces, negating the principle of national independence, it may cause grave consequences of victimizing the whole nation at the hands of outside forces.

The reunification our nation wants is one to realize the independence of the nation, not one to live, shackled to others.

The principle of national independence should be thoroughly observed to realize the cause of national reunification in conformity with the interests and demand of our nation.

It is a lesson of history that if one depends on foreign forces and their interference is allowed, he will find himself in a miserable position in which he is compelled to study the pleasure of foreign forces even at the place of North-South dialogue and can not do anything for the nation, restricted by foreign forces.

Anyone who wants to establish the sovereignty of the nation throughout the country by reunifying the country must naturally take the patriotic stand of demolishing the wall of division, joining hands with the fellow countrymen on the principle of national independence.

Of importance at present in applying the principle of national independence is to thoroughly reject the idea of dependence on foreign forces, take the position of national independence and rely on the forces of national independence, not depending on outside forces.

Dependence on foreign forces is the road to division, war and national ruin, and only national independence is the road to reunification, peace and prosperity.

If the North and the South achieve peace and reunification by joining hands with each other, firmly adhering to the principle of national independence, the dignity and might of a reunified Korea will shine brilliantly all over the world.

Stone Plate Praising Kim Chong-il Found in South

SK2506104794 Pyongyang KCNA in English 1007 GMT 25 Jun 94

[Text] Pyongyang, June 25 (KCNA)—A stone plate bearing words about the birth of the dear leader Comrade Kim Chong-il written 50 years ago appeared recently in Taegu, the Seoul-based radio Voice of National Salvation reported.

A scroll bearing the words "The bright star of Paektu is for independence of Korea. Let us uphold the bright star for the liberation of Korea and for the world generation after generation. 1944" was already discovered in Chorwon County, South Korean Kangwon Province, on February 10, 1994, the New Year's day of the lunar calendar.

An old man surnamed Ri, a retired professor of Kyongbuk National University in Taegu, on June 12 showed a round stone plate 15 centimetres in diametre he had kept carefully. Written on the stone with a writing brush are the words "O Korea, boast worldwide of the birth of the bright star of Paektu, successor to General Kim Il-song. 1944."

He said he found the stone, announcing the auspicious event of the nation, lying on the wooden floor under the eave of his house when he opened the door one morning in August 1944. At that time, a rumour was afloat that a big stone bearing the words "Long live the independence of Korea. Kim Il-song is coming" was found in front of the gate of the house of the chief judge of the Taegu district court.

"This stone plate is a most precious national treasure because it tells about the intense joy of our fellow countrymen at the news of the birth of the dear leader Kim Chong-il, and the historical fact that they highly praised him as the bright star of Paektu and the sun of the future," the old man stressed.

KCNA Notes Start of Seoul Subway Workers' Strike

SK2506050394 Pyongyang KCNA in English 0442 GMT 25 Jun 94

[Text] Pyongyang, June 25 (KCNA)—The Seoul Subway Workers Union entered a general strike at 4 on the morning of June 24, according to radio reports from Seoul.

Though the trade union had final negotiations with the company on their wages, the latter persistently refused to accept its demand. The unionists are now on a sit-in strike at Korea University, the Myongdong Cathedral in Seoul and two other places of the city.

The sympathy strike of subway workers in Seoul and Pusan in the wake of the start of the general strike by locomotive engineers throughout South Korea will tie up the traffic at the worst, said the reports.

Daily Denounces South's Action Against Strikers

SK2606090794 Pyongyang KCNA in English 0823 GMT 26 Jun 94

["Reckless Fascist Outrage"—KCNA headline]

[Text] Pyongyang, June 26 (KCNA)—The South Korean police recently mobilized a huge force to brutally suppress rail workers affiliated with the National Council of Locomotive Workers on a sit- in strike for wage hike and improvement of working conditions.

In this regard, NODONG SINMUN today says this is an illegal fascist outrage and inconsiderable fascist violence.

The news analyst says:

The council urged the authorities to raise its workers' wages, improve the working conditions and reinstate the expelled workers. This, the minimum demand of the workers for their existence as human beings, should have been met by the South Korean authorities.

Nevertheless, the South Korean rulers have put workers on the altar of suppression, refusing to accept their just demand. Then, how can their behavior be construed?

It is ridiculous for the South Korean rulers, the guilty party, to threaten that they would "bring legal actions" against innocent workers, charging them with the "railway paralysis."

The fascists are calling the workers' sit-in an "illegal violence" and blaming them for the "railway paralysis," motivated by a criminal intention to shift onto the workers the responsibility for all the grave consequences to be entailed by the railway paralysis and harshly suppress and penalize them.

The fascist suppression leads to self-destruction.

The South Korean authorities would be well advised to promptly stop the fascist suppression, clearly mindful that the more harshly they crack down on the people, the more fiercely the people resist.

ROK Party Call for Dialogue in Strikes Cited

SK2806050694 Pyongyang KCNA in English 0443 GMT 28 Jun 94

[Text] Pyongyang, June 28 (KCNA)—The South Korean opposition Democratic Party at a general meeting of assemblymen on June 25 contended that the strike of the railway and subway workers was attributable to the anachronistic labour policy of the authorities and their ruthless invocation of "government" power, a Seoul-based radio report said.

In a resolution it urged an immediate release of the workers whisked away and a halt to the invocation of "government" power against the strike.

The resolution said the authorities must solve the problem through dialogue with railway and subway trade unions.

KCNA Reports U.S. Aerial Refueling Exercise

SK2606082194 Pyongyang KCNA in English 0803 GMT 26 Jun 94

[Text] Pyongyang, June 26 (KCNA)—The U.S. imperialists staged a provocative mid-air refuelling exercise against the North in the South Korean airspace day and night on June 23, military sources said.

The exercise involved two overseas-based refuelling tankers and scores of fighter-bombers and assault planes of the U.S. Airforce in South Korea.

The reckless play with fire was aimed at increasing the anti-North long-distance surprise attack capacity of the fighter planes of the U.S. Seventh Airforce.

The U.S. imperialists deployed Japan-based pursuit-assault planes and electronic jamming planes in U.S. Airforce bases in South Korea on the same day.

NODONG SINMUN Warns Against Japanese Militarism

SK2806050194 Pyongyang KCNA in English 0451 GMT 28 Jun 94

["Extreme Fervor for Reinvasion"—KCNA headline]

[Text] Pyongyang, June 28 (KCNA)—NODONG SINMUN today comments on the growing danger of Japanese militarism.

The news analyst says:

The Japanese reactionaries dispatch more and more soldiers of the "Self-Defence Forces" [SDF] overseas for military exercises. They unhesitatingly utter such words as denying the criminal nature of the past war of aggression and inciting militarism. They undisguisedly work to fascistize the domestic system and legitimate overseas military action.

Through the enactment of an "emergency law" and revision of the "law on the SDF" they try to legitimate the overseas dispatch and military action of the "SDF" and mobilize the manpower and material resources of Japan lock, stock and barrel for military reinvasion.

Facts show the Japanese militarists, taking advantage of the failure of the policy of strength of superpowers, are going to revive the old empire and repeat the history of aggression.

The reinvasion fervour of the revived militarist ghosts has reached the extremity.

The Japanese reactionaries' talk about "threat" and "crisis in security" is an excuse for justifying their militarist acts for aggression. Under this pretext, they are inciting the consciousness of crisis and war at home and building public opinion to malrevise the "peaceful Constitution" and the "law on the SDF" and enact a wartime law.

The danger of revived militarism of Japan today is incomparably greater than it was.

Their acts for military reinvasion, however, lead to the same doom of Japanese imperialism that ran riot in aggression on Asia in the past.

They must learn a lesson from the past defeat and act with discretion.

Meeting Protests 'Suppression' of Chongnyon

SK2806000694 Pyongyang KCNA in English 1501 GMT 27 Jun 94

["Emergency Meeting Protesting Suppression of Chongnyon and Persecution of Koreans in Japan Held in Tokyo"—KCNA headline]

[Text] Tokyo, June 25 [dateline as received] (KNS-KCNA)—An emergency meeting protesting the suppression of the General Association of Korean Residents in Japan (Chongnyon) by the Japanese police and its persecution of Koreans in Japan was held in Tokyo on June 21.

Attending it were Toshio Nejima, secretary general of the National Liaison Council of Trade Unions, Hiroshi Wakabayashi, secretary general of the Japan Committee for Supporting the Independent and Peaceful Reunification of Korea, and other public figures and citizens, more than 200 in all.

Japanese lawyer Shigeru Tokoi at the meeting roundly exposed the illegality and injustice of the search of the Osaka and Kyoto prefectural organisations of Chongnyon by the Japanese police and denounced it as a political crackdown designed to collect information for the destruction of Chongnyon and enact "an emergency law".

An appeal was adopted at the meeting.

The appeal said that the Japanese Government must immediately express apology and repentance to Chongnyon and Koreans in Japan. "The governmnt's policy must not be sanctions against the DPRK but the establishment of Japan-DPRK diplomatic relations and postwar compensation," it said, strongly demanding an early apology by the Japanese Government.

Korean Mothers in Japan Meet on Assault of Students

SK2806000894 Pyongyang KCNA in English 1516 GMT 27 Jun 94

["Central Meeting of Korean Mothers in Japan"—KCNA headline]

[Text] Tokyo, June 25 [dateline as received] (KNS-KCNA)—A central meeting of Korean mothers in Japan urging a stop to the violent assaults on students of Korean schools in Japan was held in Tokyo on June 24.

Present there were first vice-chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon) Yi Chin-kyu, delegates of local liaison councils of the associations of mothers, Korean women activists in different areas and Korean women, teachers and students.

A report and indignation speeches were made at the meeting.

Kim Il-son, delegate of the Central Liaison Council of the Association of Mothers of Korean Schools in Japan, said in her report that the violent assaults on students of Korean schools in Japan are a despicable violation of the human rights of children who should be protected most strictly in any society and a typical example of criminal acts of national chauvinism.

Noting that the Japanese Government could never evade the moral and legal obligations and responsibility to sincerely protect the Korean students and national education either in view of the crimes committed by Japan against the Korean nation and Korean residents in Japan in the past or in view of the world declaration on human rights and the convention on the human rights of the children, she strongly demanded that it should take responsible measures to prevent the recurrence of such human right violation and national persecution.

The speakers expressed their resolution to unite closely around the Chongnyon organization and make all efforts to bring up the children to be true Koreans, believing in the homeland and the Chongnyon organization in the future.

Read at the meeting were messages of encouragement from the Central Committee of the Korean Democratic Women's Union, the Education Commission of the Democratic People's Republic of Korea, the Central Committee of the Trade Union of Educational and Cultural Workers of Korea, and co-chairpersons of the South Korean Federation of Women's Organizations, the South Korean Council of Measures on the Volunteers Corps Problem, and the South Korean Executive Committee of the "Asian Peace and Role of the Women".

Sumiko Shimizu, Social-Democratic member of the House of Councillors of Japan and other Japanese women activists who were guests at the meeting made speeches.

They demanded that the Japanese Government sincerely apologize for the colonial rule on Korea in the past.

Messages of request to the Japanese Government authorities and the Central Committee of the "ROK Residents Association in Japan" (Mindan) and a letter to the South Korean mothers and students were adopted at the meeting.

The delegation selected at the meeting went to the Japanese cabinet Secretariat, Ministry of Home Affairs, Ministry of Education and Police Agency and handed the messages to them.

Further on PRC Military Delegation's Visit

Delivers Gift for Kim Il-song

SK2806105194 Pyongyang KCNA in English 1021 GMT 28 Jun 94

[Text] Pyongyang, June 28 (KCNA)—The great leader President Kim Il-song received a gift from the friendship visiting group of the Chinese People's Liberation Army on a visit to Korea.

The gift was handed to chief of the General Staff of the Korean People's Army Choe Kwang by the head of the group, General Wang Ke, commander of the Shenyang military area of the CPLA.

Delivers Gift for Kim Chong-il

SK2806105394 Pyongyang KCNA in English 1022 GMT 28 Jun 94

[Text] Pyongyang, June 28 (KCNA)—The dear leader Comrade Kim Chong-il, chairman of the National Defence Commission of the Democratic People's Republic of Korea and Supreme Commander of the Korean People's Army, received a gift from the friendship visiting group of the Chinese People's Liberation Army [CPLA] on a visit to Korea.

The gift was handed to chief of the General Staff of the Korean People's Army Choe Kwang by the head of the group, General Wang Ke, commander of the Shenyang military area of the CPLA.

Kim Il-song Receives Delegation

SK2806104994 Pyongyang KCNA in English 1019 GMT 28 Jun 94

[Text] Pyongyang, June 28 (KCNA)—The great leader President Kim Il-song today received the friendship visiting group of the Chinese People's Liberation Army [CPLA] led by General Wang Ke, commander of the Shenyang military area of the CPLA, on a visit to Korea.

Present there were Choe Kwang, chief of the General Staff of the Korean People's Army, General of the KPA Yi Chong-san, Chinese Ambassador to Korea Qiao Zonghuai and embassy officials.

President Kim Il-song had a cordial and friendly talk with the guests.

Railroad Delegation Returns From Russia 21 Jun

SK2606081294 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 21 Jun 94

[Text] The DPRK railway delegation led by Railway Minister Pak Yong-sok, which participated in the 22d ministers conference of the railways cooperative organization held in Russia, returned home by plane on 21 June. Vice Minister of Railways Kim Chin-ha and an official of the Russian Embassy in DPRK welcomed the delegation at the airport.

Moscow Meeting Marks Month of Solidarity

SK2806052494 Pyongyang KCNA in English 0446 GMT 28 Jun 94

[Text] Moscow, June 25 [dateline as received] (KCNA)—A meeting for opening the month of international solidarity with the Korean people was held in Moscow on June 24 under the sponsorship of the Russian Association for Friendly and Cultural Cooperation With the Democratic People's Republic of Korea.

The meeting speeches was addressed by Vladimir Tolschikov, chairman of the Central Council of the Russian Association, and others.

The speakers said that the war on June 25, 1950 was ignited by the U.S. imperialists and the South Korean authorities and that the Korean people honorably defended the freedom and independence of the country in the three-year war under the wise guidance of the great leader President Kim Il-song.

Noting that Korea has become a country most civilized in the world and the Korean people have become a people most organized in the world, they stressed: The imperialists should know that threat or pressure will have no effect on Korea.

The DPRK is confidently advancing along the road of socialism because it is guided by President Kim Il-song, hero of the present times, and the dear leader Comrade Kim Chong-il.

The meeting adopted a letter to President Kim Il-song.

Czechy-Morava Party Delegation Continues Visit

Meets With WPK Secretary

SK2506110494 Pyongyang KCNA in English 1010 GMT 25 Jun 94

[Text] Pyongyang, June 25 (KCNA)—Secretary of the C.C. [Central Committee], the Workers' Party of Korea Hwang Chang-yop today met and conversed in a friendly atmosphere with the delegation of the Czechy-Morava Communist Party led by secretary of its Central Committee Vratislav Novak.

Gift for Kim Il-song

SK2806105494 Pyongyang KCNA in English 1024 GMT 28 Jun 94

[Text] Pyongyang, June 28 (KCNA)—The great leader President Kim Il-song received a gift from the delegation of the Czechy-Morava Communist Party on a visit to Korea.

The gift was handed to an official concerned by the head of the delegation, Vratislav Novak, secretary of the C.C. [Central Committee], the Czechy-Morava Communist Party.

Gift for Kim Chong-il

SK2806105794 Pyongyang KCNA in English 1025 GMT 28 Jun 94

[Text] Pyongyang, June 28 (KCNA)—The dear leader Comrade Kim Chong-il received a gift from the delegation of the Czechy-Morava Communist Party on a visit to Korea.

The gift was handed to an official concerned by the head of the delegation, Vratislav Novak, secretary of the C.C. [Central Committee], the Czechy-Morava Communist Party.

Bulletin Issued by French Friendship Association

SK2606080994 Pyongyang KCNA in English 0801 GMT 26 Jun 94

[Text] Pyongyang, June 26 (KCNA)—The France-Korea Friendship Association issued a bulletin on June 15.

The bulletin carries articles under the titles "Who threatens peace in Asia," "Human rights situation in South Korea," "Arms dealing and swindler," etc.

The bulletin explains the justness of the principled position of the DPRK toward the nuclear issue and stresses that the aggravation of tensions and disturbance of peace on the Korean peninsula are mainly attributable to the hostile policy of the United States and its followers intended to stifle the socialist system of the DPRK under the pretext of the "nuclear issue."

Kim Il-song Sends Greetings to Djibouti President

SK2606091894 Pyongyang KCNA in English 0840 GMT 26 Jun 94

[Text] Pyongyang, June 26 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea on June 26 sent a message of greetings to President Hassan Gouled Aptidon on the occasion of the 17th anniversary of the independence of Djibouti.

President Kim Il-song in the message expresses the belief that the friendly relations between the two countries will grow stronger and wishes the Djiboutian president and people greater success in the work for the prosperity of the country.

Daily Observes Mozambican Independence Day

SK2506105394 Pyongyang KCNA in English 1002 GMT 25 Jun 94

[Text] Pyongyang, June 25 (KCNA)—MINJU CHOSON today observes the 19th anniversary of the independence of Mozambique and the foundation of its Republic.

Noting that the Mozambican Government and people have made energetic efforts to consolidate the independence of the country and build an independent new society under difficult conditions of unceasing interference and subversive activities and sabotage of the reactionaries within and without, the article says:

Measures have been taken in Mozambique to put an end to the civil war, ensure peace and achieve the security of the people and social development.

Pursuing an external policy of independence and nonalignment, Mozambique is developing friendly relations with surrounding countries and many countries of the world.

The Korean people sincerely rejoice over the achievements the Mozambican people have made in the efforts to build a new society, surmounting obstacles and difficulties facing them.

Korea and Mozambique established diplomatic relations in 1975 and have developed them in conformity with the aspiration and desire of their peoples.

Believing that the friendly and cooperative relations between Korea and Mozambique will develop further, the Korean people wish new success to the Mozambican people in their work for the stability and prosperity of the country.

Mozambican Bulletin Denounces U.S. Over Korean War

SK2806103994 Pyongyang KCNA in English 1000 GMT 28 Jun 94

[Text] Pyongyang, June 28 (KCNA)—A bulletin was published on June 20 by the Mozambican Committee for Friendship With the People of the Democratic People's Republic of Korea and the Maputo City Committee of the Mozambique Liberation Front Party in joint name on the occasion of the month of international solidarity with the Korean people.

Printed in it are articles headlined "U.S. imperialists, the provoker of the Korean war," "U.S. imperialists, sworn enemy of the Korean people," "U.S. imperialists, murderers," "U.S. imperialists, disturber of peace", "U.S. imperialism denounced" and other articles.

Under the title "U.S. imperialists, the provoker of the Korean war" the bulletin says the United States ignited the Korean war by instigating the South Korean puppets on the prearranged script. Whatever intrigues they may resort to, the U.S. imperialists can never conceal their true color as the provoker of the war, says the bulletin.

Mozamibican Committee Holds Inaugural Meeting

SK2506214294 Pyongyang KCNA in English 1511 GMT 25 Jun 94

[Text] Pyongyang, June 25 (KCNA)—An inaugural meeting of the Mozambican committee for functions of solidarity with the Korean people was held in Maputo on June 16 on the occasion of the month of international solidarity with the Korean people (June 25-July 27).

Manuel Jose Antonio, home minister and chairman of the Mozambican committee for friendship with the people of the DPRK, was elected chairman of the new-born committee.

At the meeting, the chairman said various functions would be organised to denounce the crimes of U.S. imperialism and support the Korean people's cause of national reunification during the month of international solidarity with the Korean people.

He vowed to take the lead in the efforts to support the Korean people's cause of socialism and actively contribute to invariably developing friendly relations with the Korean people.

Kim Il-song Sends Greetings to Malagasy President

SK2506105494 Pyongyang KCNA in English 1009 GMT 25 Jun 94

[Text] Pyongyang, June 25 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea Thursday sent a message of greetings to president of the

Republic of Madagascar Albert Zafy on the occasion of the 34th anniversary of the independence of Madagascar.

President Kim Il-song in the message hoped for the prosperity of the Republic of Madagascar, expressing the belief that the friendly and cooperative relations between the two countries would continue to develop.

MINJU CHOSON Marks National Day of Madagascar

SK2606091594 Pyongyang KCNA in English 0834 GMT 26 Jun 94

[Text] Pyongyang, June 26 (KCNA)—MINJU CHOSON today dedicates a by-lined article to the 34th anniversary of the independence of Madagascar.

The article says:

Since the independence the Madagascan people have directed efforts to removing the colonial aftermath left over by the imperialists in social life and economic field, achieving national unity and stability and developing the national economy.

Pursuing non-aligned policy externally, Madagascar is developing friendly relations with many countries and striving to make the Indian Ocean a peace zone.

The Korean people rejoice over the achievements made by the Madagascan people in the building of a new society.

The Korean people believe that the bonds of Korea-Madagascar friendship forged in the struggle to build a new society will grow stronger and develop in the future.

The Korean people warmly congratulate the Madagascan people on their national day and wish them fine success in their work for the stability and prosperity of the country.

Angola's Efforts Toward Reconciliation Praised

SK2606091794 Pyongyang KCNA in English 0838 GMT 26 Jun 94

[Text] Pyongyang, June 26 (KCNA)—The difficult promotion of peace process in Angola is a fruition of the sincere and strenuous efforts of the Angolan Government to solve the internal issue of the nation in the interests of the nation and in conformity with the cause of peace, says NODONG SINMUN in a by-lined article today.

The article says:

The Angolan Government set forth the principle of settling the present political crisis through dialogue and negotiation in the spirit of national reconciliation and has made consistent efforts to carry it into practice. The government made arrangements for peace talks with UNITA [National Union for the Total Independence of Angola], took an initiative step for ceasefire and has striven to end the domestic revolt, cooperating with the international community.

The government side is striving for national reconciliation, territorial integrity and unity, showing a top patience and generosity at the talks. The good faith and generosity of the government side in transferring many seats of the regional government over to the UNITA, returning UNITA parliamentarians to the People's Assembly, and other matters show part of the honest efforts of the government to put an early end to the internal troubles lasting nearly 20 years at any cost.

The Korean people express solidarity with the Angolan people in their just struggle.

The master of Angola is the Angolan people themselves. If the sides at the talks, deeply conscious of this, make efforts for national interests and peace, the internal troubles would be ended and a bright vista be opened ahead of the Angolan people.

Meeting Marks Anniversary of Zaire Independence

SK2806050494 Pyongyang KCNA in English 0441 GMT 28 Jun 94

[Text] Pyongyang, June 28 (KCNA)—A meeting was held here Monday on the occasion of the 34th anniversary of the independence of Zaire under the sponsorship of the Korea-Zaire Friendship Association.

Present there were Yi Chol-sin, vice-chairman of the Committee for Cultural Relations With Foreign Countries and vice-chairman of the Korea-Zaire Friendship Association, other officials concerned and working people in the city.

A speech was made and a message of greetings to the Zairean president adopted at the meeting.

WPK Secretary Meets Outgoing Indian Ambassador

SK2806105894 Pyongyang KCNA in English 1030 GMT 28 Jun 94

[Text] Pyongyang, June 28 (KCNA)—The secretary of the Central Committee of the Workers' Party of Korea, Hwang Chang-yop, met and conversed with the outgoing Indian Ambassador to Korea, Shehkholen Kipgen, when the latter paid a farewell call on him today.

Solidarity Meeting Held 18 Jun in Nepal

SK2806000794 Pyongyang KCNA in English 1508 GMT 27 Jun 94

[Text] Pyongyang, June 27 (KCNA)—A solidarity meeting supporting the just cause of the Korean people was held in Kathmandu on June 18.

Chairman of the Nepal Workers and Peasants Party Narayan Man Bijukchhe declared at the meeting: "We will extend invariable support to the government and the people of the Democratic People's Republic of Korea in all their efforts for the peace and security of the Korean peninsula and its denuclearisation." Manik Lal Shrestha, chairman of the Nepal-Korea Friendship Association, noted that the "resolution" adopted at the board of governors of the International Atomic Energy Agency [IAEA] is a prelude to the "sanctions" of the United Nations against the DPRK and virtually a declaration of war. He fully supported the Korean people who gave a decisive answer to the unjustifiable "step" of the IAEA. Member of parliament Shibash Nembag, said: "It is our duty, morality and conscience to extend militant support and solidarity to the fraternal Korean people. The Korean people and the world's peaceloving people will surely frustrate the moves of the imperialists and defend their just cause".

A letter to the great leader President Kim Il-song was adopted at the meeting.

Cooperative, All-People Ownership Discussed

SK2506062594 Pyongyang NODONG SINMUN in Korean 28 May 94 p 3

[Article by Dr. Kim Chol]

[Text] Turning cooperative ownership into all-people ownership is a historic event which completely changes the farmers' socio- economic relations.

In his classic work "For the Ultimate Solution of the Rural Problems Under the Banner of the Socialist Rural Theses," the great leader Comrade Kim Il-song has comprehensively elucidated, based on his scientific analysis of the inevitable demand of the development of socialist society and the reality of the rural economy of our country, the theoretical and practical problems arising in the successful realization of the work to turn cooperative ownership into all-people ownership.

The respected and beloved leader Comrade Kim Il-song has taught: We must solidify and develop the agricultural cooperative economy and successfully realize the work to turn the cooperative ownership into all-people ownership.

Turning cooperative ownership into all-people ownership is an inevitable demand of the development of socialist society.

Socialism means society based on collectivism. The economic basis of socialist society is cooperative ownership and all-people ownership which are both socialist ownership. Collectivism demands that all social relations, including the ownership relations, develop continuously in the common interest of the entire society.

Turning cooperative ownership into all-people ownership is an enormous social change, but this change is different from remaking the private ownership into socialist ownership because it is the development of cooperative ownership—which is the lower form of socialist ownership—into all-people ownership—which is the higher form of socialist ownership. Cooperative ownership—the lower form of socialist ownership—must develop in such a way as to enhance its level of socialization, and it must ultimately be turned into all-people ownership—the higher form of socialist ownership. When cooperative ownership is turned into all-people ownership and all the workers work incorporated into the unitary economy of all-people ownership, the communist principle of "one for all and all for one" will be satisfactorily embodied, thereby realizing the classless society.

Turning cooperative ownership into all-people ownership is an important problem in the development of the socialist rural economy of our country today.

Under the wise leadership of the party and the leader, we have vigorously carried out the ideological, technological, and cultural revolutions in the rural areas in our country according to the basic principle for the solution of the socialist rural problems set forth in the rural theses, closely combining all-people ownership and cooperative ownership and continuously enhancing the role of all-people ownership. The chuche agricultural guidance system with the county cooperative farm management committee as its basis has been firmly established, its function and role enhanced, and the managerial and operational standard of cooperative farms improved nearly as much as the standard of advanced industrial enterprise management. With the active material and technological assistance of the state to the agricultural cooperative economy, production relations between industry and agriculture have been strengthened, all people ownership and cooperative ownership have been organically combined, and the material and technological means of all-people ownership accounted for an overwhelming share in agricultural production. At the same time, all cooperative farms firmly developed in the direction of large-scale all-people ownership system farms.

In our country, all the agricultural workers are firmly united in comradeship, helping one another; large-scale major nature-remaking projects—unimaginable in terms of private farm economy or small-scale economy—are underway in the rural areas, thus making the agricultural production develop at a high speed continuously. This not only demonstrates the superiority of the socialist rural economic system based on collectivism, but shows that the conditions are coming to maturity in our country whereby cooperative farms are gradually converted into all-people ownership farms.

In his work, the great leader Comrade Kim Il-song taught that the work on turning cooperative ownership into all-people ownership be carried out gradually in conformity with the degree of maturity of all the conditions and possibilities.

Under a condition which is yet ripe ideologically, materially, and technically, hurriedly turning cooperative ownership into all-people ownership would prevail the unsound ethos of living idle in rural areas, thus dropping the agricultural productivity and laying a big obstacle in the path toward overall socialist construction.

The fundamental conditions for turning cooperative ownership into all-people ownership will enhance cooperative farmers' level of ideology and consciousness and will strengthen the material and technical foundations of the cooperative economy.

What is important here is the work of revolutionizing farmers and assimilating them into the working class by remolding their ideologies. Farmers' ideological consciousness works very importantly in the development of ownership relations. The work on turning cooperative ownership into all-people ownership can never be realized without remolding farmers' ideological consciousness.

Originally, the existence of cooperative ownership along with all-people ownership is closely connected with the farmers' low ideological consciousness level, and their technical and cultural level compared to that of the working class. This is because ideological remnants of individualism and egoism in the heads of farmers are very conservative and are unlikely to be erased in a short time. Leaving these intact, the work on turning cooperative ownership into all-people ownership will not only fail, but, even if it succeeds, it will bring about evil effects.

By raising the farmers' level of ideology and consciousness, we should let farmers become deeply aware that their individual interests lie in that of society and group and that their worthwhile life and happiness can be found in the prosperity and development of the socialist fatherland and in the prosperity of cooperative rural areas. We should also let them display high patriotic zeal and devotion. When these are fulfilled, we can then say that the important conditions for turning cooperative ownership into all-people ownership has been prepared.

Consolidating the material and technical foundations of the cooperative economy is one of the important conditions for turning cooperative ownership into all-people ownership. The material and technical foundations of the agriculture is weaker than that of the industry.

Since remolding the people's ideological consciousness is connected with material foundations, and society's production relations are related with the degree of productivity development, consolidating material and technical foundations is an important problem rising in the work of turning cooperative ownership into all-people ownership.

The rural technical revolution's four tasks—irrigation, electrification, mechanization, and chemical application—set forth in the socialist rural theses have been basically carried out in our country. In doing so, we have laid solid foundations for modern agriculture and made a remarkable progress in the struggle to industrialize and modernize agriculture. We should further expand and consolidate the accomplishments achieved until now. We should also industrialize and modernize agriculture, and develop the farming method and land cultivation system so as to gradually eliminate the differences between industrial and agricultural labor and to resolutely increase the production efficiency of agricultural labor. With these conditions fulfilled, we can then say that solid material and technical foundations have been prepared for turning cooperative ownership into all-people ownership.

The great leader Comrade Kim Il-song's illumination of the fundamental conditions for turning cooperative ownership into all-people ownership in his work comes as a guiding principle for triumphantly carrying out the work without any slightest deviation or turns. In his work, the abundant and profound experiences of the great leader, who led socialist rural construction at the van for a long time with uplifted banner of chuche are summed up, and our party's solid will to lead our rural area into the one road of socialism is contained.

In his work, the great leader Comrade Kim Il-song also expounded in detail the question on how to carry out the work on turning cooperative ownership into all-people ownership.

What is important here above anything else is that the work on turning cooperative ownership into all-people ownership be carried out with the county as a unit.

Carrying out the work on turning cooperative ownership into all-people ownership with the county as a unit is related with the role and position assumed by the county in the socialist rural construction. In our country, the county is the base for linking the towns with the rural areas in all spheres of politics, economy, and culture, and serves as the basic unit for the direct leadership and management of the rural economy. A county has the farm machine stations, farm implement factories, irrigation administration offices, and other state enterprises which serve the rural economy, and equipment and farming materials are supplied to cooperative farms with the county as a unit. Therefore, cooperative ownership must be transformed into all-people ownership with the county as a unit. Even after cooperative farms are converted into the state farms of all-people ownership, the rural economy must be developed on a county basis.

The forms and methods of converting cooperative property into all-people property, too, must accord with the socialist rural economic system of our country and the specific situation in our rural communities.

Since a well-organized agricultural leadership and management system has been established with the county as a unit in our country, the most reasonable form and method is to convert cooperative farms in the county into state farms under all-people ownership and let the county undertake their unified guidance and management. This will make it possible to manage satisfactorily the farms which have come under all-people ownership, using and strengthening further the comprehensive leadership and management system of the rural economy and the material and technical means that serve agriculture, which have already been prepared in counties.

In a county of moderate size where the level of management of the county cooperative farm management committee and cooperative farms is high, all the cooperative farms and the state enterprises that serve agriculture in that county may be merged into a state farm with the former cooperative farms made its branch farms and the former enterprises its workshops.

The general farms, which have been organized as model units in Sonbong and some other counties through the merger of not only agriculture but also local industry, goods distribution, education, culture, health care, and all other local administrative and economic functions, must continue to operate, further improving their management. Even after cooperative ownership is converted into all-people ownership, all state farms should be managed under the self-balancing system and the socialist principle of distribution should be thoroughly implemented.

In particular, it is important to set up ways to avoid possible deviations and loss and in the course of transforming cooperative ownership into all-people ownership and must smoothly carry out the task.

Also important in the work of turning cooperative ownership into all-people ownership is making the county play an important role as the base linking town and rural areas and as an all-embracing unit of leadership and management to the rural economy.

Therefore, it is necessary to build up the county, further develop local industry, and improve education, culture, health care, and public welfare. The county must expand and strengthen the enterprises and the production establishments serving the rural economy to speed up the development of agriculture. All the counties must make it their major task to develop agricultural production and improve the living standard of the rural population, and must push forward the socialist rural construction.

In his classic work "For the Ultimate Solution of the Rural Problems Under the Banner of the Socialist Rural Theses," the great leader Comrade Kim Il-song has set forth concrete tasks and means arising in the work of turning cooperative ownership into all-people ownership. This comes as a militant banner for the ultimate solution of the rural problems and the complete success of socialism.

All party members and working people should traverse the road of the socialism of our own style, the road elucidated by the great leader Comrade Kim Il-song. By doing so, they should brilliantly accomplish the historic tasks of eliminating the differences between towns and rural areas, eradicating the class distinctions between working class and farmers, ultimately solving the rural problems, and realizing a classless society.

KCNA Spotlights Mt. Paektu Historical Sites

SK2706120894 Pyongyang KCNA in English 1016 GMT 27 Jun 94

[Text] Pyongyang, June 27 (KCNA)—An endless stream of people is flowing to the revolutionary battlefields and historical sites of Mt. Paektu area in the northern part of Korea.

In the last two months, they were visited by anti-Japanese revolutionary fighters, veterans of the fatherland liberation war, working people of various social strata and tends of thousands of students from more than 100 senior middle schools.

Going round the battlefields and historical sites associated with the history of the anti-Japanese revolutionary struggle of the Korean people, the visitors get a deeper knowledge of the glorious and brilliant revolutionary history of the great leader President Kim Il-song and his undying feats.

In Korea Mt. Paektu area is one of the main centres of education in the revolutionary traditions.

This area where the Mt. Paektu base was established in the period of the anti-Japanese revoutionary struggle has secret camps, secret liaison spots, bivouacs, battlefields including those of the Pochonbo and Taehongdan battles.

In June 1956, the dear leader Comrade Kim Chong-il led a group of excursionists to hew the path of march to the revolutionary battlefields in Mt. Paektu area and wisely guided the work of well building up the revolutionary battlefields and historical sites.

As a result, statues of the great leader, towers and monuments were erected and revolutionary museums built in Hyesan City, the starting point of the excursion to Mt. Paektu area, Pochonbo, Chongbong and Lake Samji and other battlefels and hstorical sites. And preserved in their original state there are the historical relics and remains and slogan-bearing trees.

A mauser, binoculars, a field bag, a map and other historical relics used by President Kim Il-song in the period of the anti- Japanese revolutionary struggle are on display in the log cabin of the headquarters in the Mt. Paektu secret camp. The log cabin is near Chong-il Peak and Sobaek Stream.

The time-honored old home where dear Comrade Kim Chong-il was born preserve valuable historical relics he used in his childhood, as well as simple household utensils.

On the shore of Lake Samji where the great leader took a rest after advancing into the homeland with the main force of the Korean People's Revolutionary Army (KPRA) in May 1939, there is a grand monument consisting of 6-metre high large group sculptures portraying members of the KPRA and people of various strata, 85 in all, and a 50-metre signal-fire tower in a spacious area 400 metres in length and 250 metres in width with the statue of President Kim Il-song in the centre.

They are surrounded by the Samjiyon Revolutionary Museum, the marker of the historical relics, lodging houses and cultural and amusement facilities for the excursionists.

The revolutionary battlefields and historical sites in Pochonbo, Chongbong and Konchang, too, have been built up well as monuments of eternal value.

The Mt. Paektu area is famous also as a tourist resort.

South Korea

Reports on 28 Jun North-South Contact Continue

Aides Appointed to Delegation

SK2806015594 Seoul YONHAP in English 0148 GMT 28 Jun 94

[Text] Seoul, June 28 (YONHAP)—The government has appointed four bureau director-general-level officials as aides to the three-member delegation to the inter-Korean preliminary contact, it was learned Tuesday.

The four are Ku Pon-tae, chief policy-maker of the unification board; Chang Chae-yong, chief of the American affairs bureau of the Foreign Ministry; Om Ik-chun, assistant to the prime minister; and Yi Chae-ho, a member of the Inter-Korean Dialogue Secretariat.

They will assist chief delegate Yi Hong-ku (deputy premier and unification minister) and delegates Chong Chong-uk (senior presidential secretary for foreign affairs and national security) and Yun Yo-chun (special assistant to the prime minister) during the preliminary meeting which opened at the truce village of Panmunjom Tuesday morning.

A government official said the decision had been made Sunday to select the aides from among bureau director-general-level officials.

Delegates in Attendance Listed

SK2806014394 Seoul KBS-1 Radio Network in Korean 0100 GMT 28 Jun 94

[Text] A preliminary contact for the South-North summit talks began at the Freedom House in our side's area at Panmunjom at 10:00 [0100 GMT] on 28 June.

Attending today's contact are Yi Hong-ku, head delegate from our side, and delegates Chong Chong-uk and Yun Yo-chun; and Kim Yong- sun, head delegate from the North's side, and delegates An Pyong-su and Paek Nam-chun.

At today's contact, head delegates from both sides will exchange greetings; delegates will exchange greetings; and Yi Hong-ku, our side's head delegate, will be the first to deliver a speech, followed by a speech by Kim Yong-sun, the North side's head delegate. They will begin the discussion on the time and venue of the summit talks.

Through his speech, our side's head delegate Yi Hong-ku will attach importance to the South-North summit talks and will present, in advance, a draft of an agreement proposing a concrete time, venue, protocol procedure, and itinerary for the summit talks.

It has been learned the draft proposes that the date of the summit talks be mid-July and that President Kim Il-song visit Seoul first.

This notwithstanding, as for the date of the summit talks, if the North side makes concessions to our side by not presenting the date of 15 August—when the pannational rally will be convened—our side will push for the dialogue by making concessions on the venue for the summit talks.

At the Secretariat for the South-North Dialogue this morning, our side's delegates gave a final study of our side's position and the North side's expected proposals.

Prior to departure, head delegate Yi Hong-ku said: I view the prospects for today's preliminary contact as somewhat affirmative in view of the North side's attitude up until now.

South Side's Head Delegate Speaks

SK2806024994 Seoul KBS-1 Radio Network in Korean 0200 GMT 28 Jun 94

[Excerpt] This is a report from a special KBS team filing from Panmunjom:

A preliminary contact for the realization of the South-North summit talks began at Panmunjom at 10:00 [01:00 GMT] on 28 June.

In his first speech at today's contact, Yi Hong-ku, our side's head delegate, proposed that both sides abide by the principle of reciprocity for exchanging visits between South and North Korea and proposed mid-July as the time for the summit talks.

Our side also proposed that to ensure efficient talks, the summit talks be exclusive talks between the heads of states [chongsang] from both sides.

Head delegate Yi Hong-ku also stated: I hope that the South- North summit talks will be realized at an early date, thereby helping to ease the heightened tension and solve all issues pending between the South and North. I believe that the talks will provide a historic momentum to open the door to national unification.

Head delegate Yi Hong-ku also pointed out: The meeting between the heads of state in the South and North carries enormous significance in itself, and can serve as a departure to restore the homogeneous nature of the national community. I hope that today's contact will proceed smoothly on the basis of the principle of mutual respect. [passage omitted covered by FBIS 010Jun28]

South Proposes 25 Jul Summit

SK2806043394 Seoul YONHAP in English 0427 GMT 28 Jun 94

[Text] Panmunjom, June 28 (YONHAP)—Seoul proposed exchange visits between South and North Korean capitals in arranging inter-Korean summit sometime mid-July at preparatory contact Tuesday, informed sources said.

South Korean Deputy Premier Yi Hong-ku, chief representative for the Seoul side, proposed that the leaders of the two Koreas exchange visits between Seoul and Pyongyang for mutuality.

Seoul reportedly suggested July 25-26 for the summit date and showed flexibility on which city should host first as long as the summit is arranged next month.

North Korea's top delegate Kim Yong-sun is said to have proposed an August meeting in Pyongyang.

Sides 'Completely' Agree on Date

SK2806092794 Seoul KBS-1 Radio Network in Korean 0900 GMT 28 Jun 94

[Excerpt] At today's preliminary contact for North-South summit talks, the North and South completely agreed [wanjon habui haessumnida] to hold North-South summit talks in Pyongyang for three days, beginning on 25 July. Reporter Kim Chin-su will report from the North-South Dialogue Secretariat Office:

[Kim Chin-su] At today's preliminary contact for North-South summit talks, the North and South dramatically and completely agreed [kukchoguro wanjon habui haessumnida] to hold North-South summit talks in Pyongyang for three days from 25 July.

As a result, the historic North-South summit talks will become a reality. The two sides also agreed to discuss the place and timing of alternate visits to Seoul and Pyongyang by the top leaders of the two sides, which will be made on a principle of reciprocity, at the first summit talks in Pyongyang.

Our side's delegation led by Yi Hong-ku, deputy prime minister and minister of the National Unification Board, and the North Korean side's delegation led by Kim Yong-sun, chairman of the Reunification Police Committee of North Korea's Supreme People's Assembly, started the first preliminary talks at 1000 today at the House of Peace, on our side's area of Panmunjom. [passage omitted on recap of today's meeting]

'Unofficial' Translation of Accord

SK2806123694 Seoul YONHAP in English 1225 GMT 28 Jun 94

[Text] Seoul, June 28 (YONHAP)—Here is an unofficial translation of the agreement on an inter-Korean summit meeting reached at a South-North preliminary contact at Panmunjom Tuesday. The agreement was signed by the South's chief delegate Yi Hong-ku and his North Korean counterpart, Kim Yong-sun.

"A bilateral deputy-prime-minister-level preliminary contact to prepare for a South-North summit meeting was held at Panmunjom on June 28, 1994.

"At the contact the two sides agreed on the following items:

"The two sides decided to hold a South-North summit meeting in Pyongyang on July 25-27, 1994. The duration of stay may be extended if need be.

"A following meeting shall be decided on according to the will of both sides' top leaders.

"The composition and size of delegations to the South-North summit meeting, the format of meeting, itineraries, the dispatch of an advance team, procedures for travel back and forth, guarantee of conveniences, guarantee of personal safety and other working-level procedural matters shall be discussed and agreed on at a delegates contact consisting of one delegate to the preliminary contact and two attendants from each side.

"A delegates contact shall be held at 10 AM July 1 (Friday), 1994 at Tongilgak in the Northern area of Panmunjom.

"The two sides shall endeavor together to make good the atmosphere for the South-North summit meeting in the direction of promoting reconciliation, unity, confidence-building and understanding."

Highlights From Contact Reported

SK2806095694 Seoul YONHAP in English 0917 GMT 28 Jun 94

[Text] Panmunjom, June 28 (YONHAP)—A burst of camera flashes greeted the North Korean delegation to Tuesday's inter-Korean summit preliminary contact on the Southern side of the truce village.

Chief delegate Kim Yong-sun and his team of An Pyong-su and Paek Nam-chun arrived at Peace House [Tongilgak] from the Northern side three minutes before the meeting hour in sedans provided by Seoul.

South Korea's chief delegate, Deputy Premier Yi Hong-ku, wearing a tight smile, came down the stairs from the second floor waiting room to welcome the North Korean team.

"Just call me Kim Yong-sun," the North Korean team leader said, raising a round of laughter. "Then just call me Yi Hong-ku," the Southern delegate replied.

Kim and Yi waved at reporters and cameramen before ascending to the conference room on the second floor.

—Both sides opened the conference with boasts about who had built the better road to Panmunjom, apparently intended to demonstrate who is more fit to host the summit.

"It was only a two-hour drive from Pyongyang to here, and the scenery was just fabulous with clean homes and ripe crops," Kim Yong-sun said. "I thought it would be nice if you could travel the same road."

Yi Hong-ku, not about to lose out, said it had taken him only one hour to travel from his office to the truce village.

"The highway was recently widened to eight lanes," he explained. "I thought it would be nice if the highway was connected with the Northern side."

—North Korean reporters and delegation assistants arrived earlier, crossing the demarcation line on foot.

About 25 reporters came, more than double the usual 10 seen at past contacts, reflecting the degree of interest in the outcome.

They avoided a flurry of questions from their South Korean counterparts, advising patience in response to queries about Pyongyang's proposal on the date and site of the summit.

One question touched a raw nerve: "Nonsense," one North Korean snapped when asked if Kim Yong-sun was related to President Kim Il-song.

Rumor has it that the chief North Korean delegate, an influential figure within the inner circle of power, is related by blood to the "great leader."

—North Korea's free trade zones came up when Yi Hong-ku mentioned the subject.

"I received many phone calls telling me to find out about the free trade zones in Najin and Sonbong," he told North Korea's Kim.

Kim said he, too, had received many calls asking about the zones but withheld any new disclosures, simply saying "Let's just wait for the results."

—Tuesday's conference continued in three different forms as the two sides tried various ways to reach an agreement.

Seoul's delegates asked for a 10-minute break at 11:30 AM when the morning session appeared to be a fruitless exercise.

The meeting was then convened between only the chief delegates before breaking up again at 1 PM.

They were in virtual agreement on holding the first summit in Pyongyang on July 25, but North Korean officials objected to Seoul's condition that the summit be arranged through exchange visits between the two sides to guarantee reciprocity.

The North Koreans instead made a new demand during the morning session, asking that a clause be inserted in the agreement that neither side could take any provocative actions that might cancel the summit talks.

They parted for lunch with a promise to meet again afterwards. An Pyong-su returned by himself around 2:30 PM and met separately with Yun Ye-chun to go over the minutes of the morning session.

—Security officials were unusually strict toward reporters, blocking the staircase to the conference room and placing security agents on site.

One official explained the extreme caution was needed to prevent repetition of past incidents where press coverage placed too much emphasis on differences of opinion between the two sides and influenced the inter-Korean talks in a negative way.

Nevertheless, the Korean Broadcasting System (KBS) had presidential instructions and permission to provide thorough coverage of the conference.

President Kim Yong-sam is said to have specially requested the state-invested TV network to cover the conference live [for broadcast on closed-circuit television] so that he could watch it from his office.

—The Panmunjom preparatory contact was telecast live to the top leaders of South and North Korea who, based on their viewing of it, handed down instructions to their negotiators at Panmunjom from time to time.

In an advance agreement, a 20-member KBS Television crew covered the conference in its entirety for beaming to both sides.

Conference scenes caught by television cameras were sent to Tongilgak in the Northern sector of Panmunjom by an optical cable connecting the two areas of the joint security area via a relay van outside the peace house.

At Tongilgak, the television picture of the South's NTSC scanning method was converted to the North's PAL method before being beamed directly to Kim Il-song's Palace in Pyongyang.

Instructions from the two presidents were promptly conveyed over telephone to respective liaison officials at Panmunjom, which were handed to the chief negotiators in notes.

An official who was present at the conference said white pieces of paper were relayed to North Korea's chief delegate Kim Yong-sun at several minutes' interval around 11 AM when the two sides did not back down from their respective ideas.

Shortly after the delivery of the memos, Kim Yong-sun backed down and tentatively agreed to the South's idea of holding a summit on July 25, the official said.

2d Summit Details Not Decided

SK2806091294 Seoul YONHAP in English 0906 GMT 28 Jun 94

[Text] Panmunjom, June 28 (YONHAP)—Inter-Korean summit will open for the first time in over four decades July 25-27 in the North Korean capital of Pyongyang.

The historic agreement came after hours of working-level negotiations at the truce village of Panmunjom.

Talks to settle protocol details will open in the Northern side of the border on July 1.

Date and site of the second summit will be decided at next month's first summit.

Yi Hong-ku Holds News Conference

SK2806134394 Seoul KBS-1 Television Network in Korean 1204 GMT 28 Jun 94

["News conference" by Yi Hong-ku, deputy prime minister for national unification, with unidentified reporters on 28 June; place not given—recorded]

[Text] [Deputy Prime Minister Yi] Today the North and South held a preliminary contact in Panmunjom for holding their summit talks. After 10 hours of negotiations, both sides have reached an agreement. The main contents of the agreement are as follows: The North and South agree to hold their summit talks in Pyongyang from 25 to 27 July, and the next summit talks will be decided during the meeting of the top leaders of the two sides in Pyongyang.

We need various preparations—such as honor guard and secret service issues—to hold the summit talks, but these working-level matters will be discussed during the working-level contact between the North and South which is scheduled to be held at Tongilgak in the North side's area of Panmunjom on 1 July. One delegate and two associates [suhaengwon] from each side will decide on the matters after their discussions. Finally, the two sides agreed that they would make joint efforts to create a good atmosphere for the success of the North-South summit talks. The contents of the agreement are comparatively concise, but it is clear that they have reflected the firm will of the leaders of the two sides to make an important political decision and to create a new phase on the Korean peninsula, judging from various events that have taken place on the Korean peninsula—such as the heightening of tensions on the Korean peninsula—or from the long history of national division.

Although the negotiations lasted a long time, the two sides made endless efforts, with their patience, to reach such an agreement. Therefore, I believe North-South relations will literally enter a new phase when the previously mentioned preparations proceed well in the future.

[Reporter] What was the most difficult matter of discussion in reaching the agreement?

[Deputy Prime Minister Yi] Of course, we wanted to hold the North-South summit talks in Seoul. The North side demanded from the beginning, however, that it hold the summit talks in Pyongyang. At the same time, it has expressed the will to hold it on the occasion of the 15 August event [1945 liberation from Japan]. Such positions by the North side have run counter to our side. Therefore, we had many difficulties coordinating each other's position during the contact.

[Reporter] Before you took part in the contact, you said that the place for the summit talks had been proposed based on the principle of reciprocity. Then, will the next summit talks satisfy the principle of reciprocity based on the will of the leaders of the two sides? What is your judgment?

[Yi] North-South talks have been held on many occasions in various fields and levels. However, in general, we have observed the principle of reciprocity. Therefore, we have proposed it this time as our principle. It is the position of the North side that both sides do not need to stick to past events, because it seems to believe that the time has come to hold summit talks between the leaders of the two sides, and the summit talks are different from the North-South talks which were held in the past.

Parties Welcome Agreement

SK2806112294 Seoul YONHAP in English 1103 GMT 28 Jun 94

[Text] Seoul, June 28 (YONHAP)—Both the ruling and opposition parties on Tuesday welcomed the inter-Korean agreement on the schedule of the first South-North summit meeting since the nation was divided five decades ago. Pak Pom-chin, spokesman for the Democratic Liberal Party, said in a statement, "together with the people, we welcome the agreement to hold a South-North summit meeting for the first time after national division."

The ruling party expressed the wish that the summit will succeed so as to put an end to enmity and confrontation between the two Koreas and unfold a new age of peaceful coexistence and mutual cooperation on the Korean peninsula.

The opposition Democratic Party said it expects the summit meeting would have good results without fail. "It is the dictate of the history for us to overcome any obstacles ahead with national dignity," party spokesman Pak Chi-won said.

The party expressed the hope that the government will fully prepare for the summit meeting, sampling public opinions broadly on the upcoming summit.

Paper on DPRK Media Denouncing ROK, U.S.

SK2606013394 Seoul CHUNGANG ILBO in Korean 25 Jun 94 p 5

[By Yu Yong-ku]

[Text] With the 28 June preliminary contact for South-North summit talks and the 8-11 July North Korean-U.S. high-level talks just ahead, the North Korean authorities' remarks slandering the South and the United States have diminished. However, North Korea continues to denounce South Korea and the United States through its media and broadcast from the truce line to the South. This makes people wonder about North Korea's real intention.

North Korea's domestic Central Broadcasting Network and Pyongyang Radio to South Korea recently carried commentaries berating the United States for aggravating tensions and denouncing the ROK for preparing for a war, citing the U.S. Forces' moves on and around the Korean peninsula and U.S. officials' remarks on the North Korean nuclear issue.

The North Korean broadcasting services stress each day that the situation on the Korean peninsula is "on the brink of war," denounce the United States for preparing "the second Korean war," regard the ROK's strengthening of its alert posture as a "war maneuver for a northward invasion," and do not hesitate in making such unsparing words as "war to war" and "South Korea will not be safe, either."

With important talks ahead, it is hard for us to understand a North Korea that continues to denounce its counterparts. However, we do not have to pay serious attention to this since such North Korean attitudes are not new.

North Korea has never stopped slandering, not even during South-North high-level talks, working-level contacts for an exchange of envoys, or North Korean-U.S. high-level talks.

This is aimed at having an advantage in negotiations. That is, by continuously expressing its strong position, North Korea intends to have its counterparts make concessions. This is also aimed at preparing to cope with a possible worse situation in the contacts with South Korea and the United States. North Korea believes that, in order to safeguard its system, it should prevent the people's ideological stir even if the outside situation changes somewhat.

In light of the fact that the North Korean people are all the more urged to unite around Kim Chong-il on the occasion of the anniversary of the Korean war, it seems that North Korea's denunciation of South Korea and the United States has an internal political purpose to strengthen Kim's position.

This is proved by Pyongyang's radio special talk on 22 June that stressed, "Let us overwhelm the enemy in the serious political and military confrontation without gunfire and firmly defend the national sovereignty by upholding General Kim Chong-il."

As they announced the resumption of North Korean-U.S. high-level talks following North Korea's withdrawal from the Nuclear Nonproliferation Treaty as a victory of Supreme Commander Kim Chong-il's determination, the North Korean media are probably preparing to attribute any successful result of the upcoming dialogue with South Korea and the United States to North Korea's intransigence under international pressure to defend its sovereignty.

DLP Leader's Remarks Against Kim Il-song Noted

SK2506213594 Seoul CHUNGANG ILBO in Korean 25 Jun 94 p 5

[Article by Kim Ki-pong]

[Text] Democratic Liberal Party [DLP] leader Kim Chong-pil said: "Kim Il-song who made 2.3 million compatriots fall victim to his invasion 44 years ago still has the ambition to reunify the country by armed force." He then stressed: "The object of Kim Il-song's nuclear attack is South Korea where his fellow countrymen live, not the United States or Japan." He is warning against "war criminal" Kim Il-song every day. He said the above in a training for members of the Yongwol-Pyongchang, Chongson, and Taebaek district party chapters held at Yongwol County Cultural Center on 24 June. During field education programs for party members in Andong, North Kyongsang Province on 22 June and at the Veterans Association office in Seoul on 21 June, Kim warned: "We must not let down our guard against North Korea since no one knows what Kim Il-song will do."

DLP leader Kim Chong-pil is the only person who strongly denounces President Kim Il-song every day at a time when people's expectation of the South-North summit is ever increasing as the summit has been promoted.

There are different analyses of the reason why Kim is frequently making remarks running counter to the trend of the time.

Some people view that this is an expression of disputes inside the ruling party over the party line. Some view that his remarks represent conservatives stressing that one should not meet face-to- face with Kim Il-song with such an idea as expressed in President Kim Yong-sam's inauguration statement noting "any allied country is not better than the nation."

Some view that criticism of Kim Il-song is a portion allotted to Kim Chong-pil.

Those close to Kim Chong-pil explained: "He is making such remarks to warn the people against their conviction that the South- North summit will immediately be followed by reunification."

Many other people view that Kim's criticism of North Korea and his alerting the people against it are linked with his political position. That is, they think Kim is trying to take this opportunity to secure his position as the leader of conservatives.

Some people note that Kim's remark against Kim Taechung, president of the Asia-Pacific Peace Foundation, that "if there is a person who stated that it does not matter if North Korea possesses one or two nuclear weapons, he or she is not a person living in this land" was aimed at driving the political situation to a progressives-versus-conservatives structure.

People are interested in how far his moves will go after breaking his silence while presenting himself as a "housewife" since the inauguration of the civilian government.

Nuclear Ambassador Confirms U.S., ROK Stance

SK2806074494 Seoul YONHAP in English 0730 GMT 28 Jun 94

[Text] Seoul, June 28 (YONHAP)—Nuclear Ambassador Kim Sam-hun said Tuesday that Seoul and Washington have not changed their positions one iota on seeking a thorough and broad solution to the North Korean nuclear dispute.

Meeting reporters just a day before departing for Washington to meet with American officials on the upcoming U.S.-North Korea talks in Geneva, Kim said the focus would be on persuading Pyongyang to guarantee the transparency of its past, present and future nuclear activities.

Asked about the U.S.-North Korea talks in Geneva, Kim replied that "we should closely watch how the discussions proceed." He added that inspection of the historical records of North Korea's nuclear program and U.S. aid for its installation of light-water reactors would be top issues.

On the historical records of North Korea's nuclear development program, he stressed that the communist state must reveal the amount of plutonium extracted from spent fuel rods in the past and allow UN inspections of two undeclared sites at Yongbyon and the spent fuel rods taken recently from a 5-megawatt experimental reactor, as well as permit the application of improved inspection technology by UN experts.

"If the inter-Korean summit proceeds so well that the Korean peninsula denuclearization declaration and mutual nuclear inspections between South and North Korea become positive issues of discussion, the summit will have a positive influence on the upcoming U.S.-North Korea talks," he observed.

Speaking of the Washington-Pyongyang talks in Geneva, Kim said, "North Korea will host on July 8 and the United States the following day. After a break on Sunday (July 10) to receive instructions from their respective home governments, they will sit down again on July 11."

While in Washington, Kim will meet the chief American delegate to the Geneva meeting, Robert Gallucci, and Asian Affairs Bureau Director Yutaka Kawashima of Japan's Foreign Ministry, who is also visiting the U.S. capital to discuss the nuclear dispute with North Korea.

Kim will return home on July 4.

North Official Admits Possession of Plutonium

SK2806015094 Seoul YONHAP in English 0141 GMT 28 Jun 94

[Text] Moscow, June 28 (YONHAP)—A senior North Korean official admitted that his country possesses plutonium for research purposes at a radiochemical laboratory in the Yongbyon nuclear complex, ITAR-TASS News Agency reported from Pyongyang on Monday.

In an interview with the Russian news agency, the North Korean director general of the Atomic Energy Industry Ministry overseas affairs bureau, Choe Chong-sun, acknowledged that some plutonium was at the complex but did not elaborate on the total amount.

Choe is the first top North Korean official to admit to his country's possession of plutonium. He reportedly said that despite Pyongyang's withdrawal from the International Atomic Energy Agency (IAEA), the agency's monitoring equipment at Yongbyon is operating normally and stressed that North Korea will inform the IAEA if the equipment needs replacement.

As to cooperation with the U.N. nuclear watchdog, Choe said North Korea has no specific expectations "at present as well as in the past," disclosing that only 500,000 U.S. dollars was provided by the agency last year for agricultural and medical purposes.

The basic purpose of the Yongbyon nuclear reactor, constructed through close cooperation with Russia, is to secure the nuclear power generation necessary to develop the country's economy, he asserted. The existing 5-megawatt reactor is insufficient to meet domestic demand.

Although the former Soviet Union provided key assistance in building the reactor, he continued, North Korea does not hold out much hope that its successor Russia will do the same. He maintained that "there is almost no cooperation with Russia presently in the nuclear field."

Nuclear Issue Causes Decrease in PRC Trade

SK2806023394 Seoul YONHAP in English 0210 GMT 28 Jun 94

[Text] Hong Kong, June 28 (YONHAP)—"Border trade" between North Korea and China took its steepest dive ever in the first five months of this year due to the North's nuclear issue and economic difficulties, the SING TAO WAN PAO reported Tuesday.

The evening newspaper reported from China's Jilin Province that border trade between Yanbian Korean Autonomous Prefecture and North Korea, mostly barter trade, came to only 80,440 U.S. dollars in January-May, nosediving 46.1 percent from the same period last year.

The volume is only 15.5 percent of this year's goal, the paper quoted Kim Chong-su, chairman of the prefecture's Foreign Economic Relations and Trade Commission, as saying.

Yanbian's exports to North Korea amounted to 22.59 million dollars in the cited period, down 72.4 percent from the same months last year and reaching only 8.7 percent of this year's goal.

The paper attributed the unprecedented decrease in border trade to global economic pressure on Pyongyang caused by the controversy over its nuclear program, North Korea's shortage of commodities and energy, poor crops and nonfulfillment of trade contacts.

The paper said Beijing has been studying ways to prevent possible unease along the Chinese-North Korean border, noting that economic pressure by the international community could create problems.

Japan's Bid To Renew DPRK Ties Assessed

SK2806090094 Seoul HANGYORE SINMUN in Korean 28 Jun 94 p 8

[By reporter Kang Tae-ho]

[Text] North Korean-Japanese negotiations on establishing diplomatic relations that have been suspended since the eighth round of their negotiations in November 1992, are likely to resume, and this is attracting public attention.

It was reported that "Japanese Foreign Minister Koji Kakizawa asked U.S. Secretary of State Warren Christopher during talks on 23 June, to urge North Korea to resume negotiations with Japan for establishing North Korean-Japanese diplomatic ties, and ordered the Foreign Ministry's working-level offices to begin preparations for negotiations with North Korea." This report seems to indicate that North Korea has not responded in any particular way to Japan's proposal for negotiations on establishing diplomatic ties, and that Japan is now asking the United States to take the role of a mediator. However, it is a more convincing analysis that North Korea and Japan are holding behind-the-scene contacts for resuming negotiations on establishing diplomatic ties under the situation in which South-North summit talks are being held while the third round of North Korean-U.S. talks are being promoted, and that the United States and Japan have discussed this issue. In particular, we need to take note of the fact that working-level offices of the Japanese Foreign Ministry's have set out preparatory work for negotiations with North Korea.

In early January, when North Korea and the United States announced their agreement on the third round of North Korean-U.S. talks and the nuclear inspection issue after a series of working-level contacts in New York, Japan announced that it had sounded out North Korea's intention to resume negotiations on establishing diplomatic ties between the two. Last year, the Japanese Government had decided to exclude the nuclear issue from the list of preconditions for resuming North Korean-Japanese talks. It seems that Japan sounded out the possibility of resuming negotiations for diplomatic ties with North Korea by sending the Social Democratic Party of Japan [SDPJ] delegation, including Hajime Fukada of the House of Councillors, to Pyongyang late last year, right before making the above decision. Then, on 9 January, then-Prime Minister Tsutomu Hata officially expressed Japan's will to resume negotiations on establishing diplomatic ties with North Korea.

North Korea, however, reacted coldly to Japan's initiative. Noting Japan's ambition to become a "military power" and a "nuclear power," North Korea denounced Japan's "maneuver to isolate and ruin the Republic [konghwaguk korip malsal chaektong]" under the pretext of the nuclear issue. It continuously denounced remarks made by Hata, the Japanese Foreign Minister at the time, which pointed out the North Korean nuclear issue as a cause for misgivings in the entire Asian region, thus pouring cold water upon Japan's active attitude. Eventually, the Japanese proposal for resuming negotiations on diplomatic ties with North Korea could not be realized as the nuclear issue underwent vicissitudes at the brink of a worsened phase of sanctions.

At that time, insisting that North Korea ruptured the eighth round of negotiations, Japan voiced its policy that it would not hold negotiations on diplomatic ties unless North Korea first proposed a meeting. It is well worth recalling Japan's explanation about the background to the change in original policy that resulted in the proposal for negotiations to North Korea. A Japanese Foreign Ministry official explained that the Japanese proposal is "aimed at giving indirect aid to U.S.-North Korean negotiations over the nuclear issue." The following, however, cannot be disregarded: With the possibility of rapid improvement in South-North and North Korean-U.S. relations bringing Japan's isolation to the fore, Japan wants to secure the right to speak about issues on the Korean peninsula and nuclear issue.

From this viewpoint, a series of recent visits to North Korea by delegations of the SDPJ and the Liberal Democratic Party of Japan [LDPJ] lend support to the resumption of dialogue between North Korea and Japan. Their visits have been made on the basis of the background and logic similar to that seen in last January. In particular, the SDPJ delegation's visit to North Korea is noteworthy. The SDPJ played the role of a coordinator behind the scene in adopting a joint declaration by three

Japanese political parties in September 1990 in which they agreed to the principle of an early establishment of diplomatic relations with North Korea. Furthermore, there have been negotiations regarding the SDPJ's participation in a new coalition cabinet since the Hata minority coalition cabinet resigned. This shows the high possibility that the SDPJ's ideas will be reflected in Japan's policy on North Korea.

According to the NAEWOE NEWS AGENCY, the SDPJ delegation headed by Director of the General Affairs Bureau Kazo Watanabe held talks with the Workers Party of Korea on 12 June and discussed the North Korean nuclear issue, Japan's policy toward North Korea, and ways to develop relations between the two countries. It is learned that in the talks, North Korea insisted that the Japanese authorities abandon its hostile policy against North Korea and cooperate in resolving pending issues in conformity with the spirit of the joint declaration issued in September 1990 by the three Japanese political parties. In particular, the SDPJ delegation met Kim Yong-sun, party secretary of North Korea who is known to be the person actually in charge of negotiations on diplomatic relations with Japan. An LDPJ delegation headed by Vice Secretary-General Taku Masaki visited North Korea on 14 June, although what was discussed in their talks has not been learned. Musuko Miki, wife of former Japanese Prime Minister Miki, also visited North Korea on the same day and held talks with President Kim Il-song.

Whether Japan officially proposed the resumption of negotiations on establishing diplomatic ties and how North Korea reacted to Japan's proposal, if it was made, will soon be learned. It is clear, however, that North Korea and Japan are headed for the thawing age.

It is proved by the confirmed fact, even if it was a minor move, that North Korea began to resume issuing visas to Japanese tourists on 21 June. North Korea suspended issuing visas to Japanese tourists in June 1993. The Chungoe Travel Agency, the general agent of the state-run Korea International Tourist Company of North Korea in Japan, said that it began to gather tourists in mid-May upon the notification on resuming visa issuance by North Korea. Prior to this, in early June, it was reported that Japan expressed its willingness to give economic aid to North Korea through international organizations even before the establishment of diplomatic relations under the precondition of a solution of the nuclear problem in a diplomatic way. Japan mentioned assistance in development of a light-water reactor, participation in the Tumen River development project, and emergency food aid as concrete methods of its economic aid to North Korea. Since it is hard for the Japanese Government to give direct aid to North Korea before establishing diplomatic ties with it, the Japanese Government is reportedly considering methods to support it by forming a consultation body for supporting North Korea with international organizations, such as the UN Development Plan and the International Atomic Energy Agency [IAEA], or related countries or organizations, such as Japan, the United States, the ROK, and the World Bank.

Experts say that while promoting sanctions on North Korea, the United States has certainly understood that sanctions cannot be imposed without active participation by China and Japan. This means that Japan plays a great role as North Korea's economic cooperation partner. They note Japan is now required to participate in efforts to resolve the nuclear issue through negotiations. They view that the discussions between Japanese Prime Minister Koji Kakizawa and U.S. Secretary of State Warren Christopher on resuming North Korean-Japanese dialogue under this situation were very significant.

Kim Yong-sam Talks With Thai Prime Minister

BK2506112994 Bangkok BANGKOK POST in English 25 Jun 94 pp 1, 3

[Text] Thailand and South Korea agreed yesterday to expand economic cooperation between their countries and increase regional security ties.

The agreement was reached during a meeting between Prime Minister Chuan Likphai and South Korean President Kim Young-sam.

The two leaders also discussed ways to ease tensions over North Korea's suspected diversion of plutonium to build nuclear weapons, officials said.

Prime Minister Chuan, who arrived Thursday for a four-day official visit wished President Kim success at the first-ever inter-Korean summit, which is currently being planned to help defuse the nuclear impasse.

Foreign Minister Prasong Sunsiri, reaffirming Thailand's support of the non-nuclear proliferation treaty, said he hoped North and South Korea would be able to reach an accord on the issue through their talks.

He said Bangkok hoped that North Korea would return to the Non-nuclear Proliferation Treaty and the United Nations' Security Council would not resort to harsh measures against the nation to force it to comply with the treaty.

The United States is calling on the UN Security Council to impose economic sanctions against North Korea and Thailand, as a UN member, will have to comply with any resolution, he said.

The Foreign Ministry's Southeast Asian Department Chief Don Paramatwinai quoted President Kim as saying that the nuclear conflict between South and North Korea posed not only a threat to the Korean Peninsula but the entire world.

The South Korean President expressed hope that the June 28 summit would be successful.

South Korea was prepared to negotiate with North Korea on mutual interest and world security issues, Mr Don quoted President Kim as saying.

Mr Kim asked that regulations be eased to allow more South Korean firms to invest in construction and communications projects in Thailand, while Prime Minister Chuan asked that South Korea import more Thai agricultural goods.

South Korea is Thailand's seventh largest trading partner, with two-way trade last year totaling US$1.94 billion, a two-fold increase over the past five years.

South Korea exported US$1.47 billion worth of goods to Thailand last year, mostly in machinery, oil, Iron, steel, and automobiles, while importing sugar, computer parts, tapioca and rubber from Thailand.

The two leaders also agreed to improve South Korea's relations with the Association of Southeast Nations (ASEAN) whose members include Thailand, Malaysia, the Philippines, Singapore, Indonesia and Brunei.

During the meeting, Mr Don said President Kim also agreed in principle to a Thai proposal that a joint commission be set up between the two countries to promote trade and economic cooperation.

No actual agreement has been signed on the proposal as both sides would need to discuss how the commission should be formed, he said.

Prime Minister Chuan also extended an invitation to the South Korean leader to visit Thailand.

Thai Prime Minister Addresses Businessmen

BK2406155794 Bangkok Radio Thailand Network in Thai 1200 GMT 24 Jun 94

[Report from Seoul by Correspondent of the Public Relations Department Somphon Kitphonprasoet]

[Text] Today Prime Minister Chuan Likphai attended a luncheon hosted by four Korean associations at the (Tibra) Hotel. The prime minister delivered a speech, during which he noted to Korean businessmen that relations between the two countries are now entering a new dimension, that of a joint investment, which will enhance stability and contribute to regional prosperity as a whole. The prime minister took note of the overwhelming success of South Korea in development of democratic administration, free trade and industries, and cultural progress, especially in sports. He said that ROK achievements serve as a model to all developing countries.

The prime minister said that Thailand should not simply be a market for Korean industry but should serve as a gateway for joint investment ventures, which will certainly benefit South Korea. He noted that the labor in Thailand is skilled labor, and Thailand also boasts high financial stability. The value of the baht is strong, and Thailand has the lowest rate of inflation in Asia. He said South Korea should take advantage of those favorable aspects of Thailand to expand trade and industry to step ahead into Burma and other Indochinese countries in the future.

Seoul To Lose European Textile Tariff Reduction

SK2706034994 Seoul THE KOREA TIMES in English 27 Jun 94 p 8

[Text] Korea will be stripped of its European tariff reduction favor on textile products, during the latter half of this year, and will see more cuts in items subject to the generalized system of preferences (GSP), starting next year, the Korea Foreign Trade Association (KFTA) said yesterday.

The KFTA said that the European Union's (EU) board of directors have recently agreed that they will suspend the GSP favor for Korea's textile products under the multi-fiber agreement (MFA), starting July 1.

The withdrawal of the GSP favor is apparently in retaliation for Korea's imposition of higher tariff on European wool products, a KFTA official said.

Korea exported $57,233,000 worth of textile products under the GSP in 1992, representing 16.5 percent of GSP-Favored exports to the EU and 3.37 percent of total exports.

The official said that the EU plans to draw up a law on its new GSP system to be applied during the 1995-2005. The law draft will be presented to the EU's Executive Commission in July for finalization by the end of this year. He said, quoting a report from KFTA's branch in Brussels.

Korea will remain beneficiary of the EU's new GSP but the items and volumes benefiting from the GSP will sharply decline, he said, adding that this assumption is based on reports circulated so far.

Korea has been given GSP favor by the EU since 1971, except for 1988-91 when the favor was suspended due to bilateral disputes over the protection of European intellectual property rights. The EU has also used the GSP as a leverage in trade negotiations with Korea on several other items, including automobiles.

Korea ha sold 20.8 percent of its total exports to the EU under the tariff rate reduction.

General industrial products, including automobiles, and textiles represented 96.1 percent of total GSP-favored exports but the major export items of automobiles, electronics goods and textile products have received reduced favored due to the EU's protectionist measures, the KFTA official said.

Meanwhile, Hong Kong's exports to the EU under the GSP were 9.3 percent in 1992, and those of Mexico 21.8

percent. China saw 39.3 percent and members of the Association of Southeast Asian Nations (ASEAN) 34.8 percent.

Reportage on Strikes, Responses Continues

Police Mobilization Detailed

SK2606074194 Seoul YONHAP in English 0726 GMT 26 Jun 94

[Text] Seoul, June 26 (YONHAP)—The four-day-old strike by railroad and subway workers entered a new phase Sunday as police launched a pre-dawn raid on two Seoul universities to disperse thousands of striking workers and round up more than 80 of them.

Over 5,000 police forces broke into Kyung Hee University in northeastern Seoul around 5 A.M. Sunday to scatter about 1,800 striking railroad and subway workers and sympathizing students and arrest key striking members.

Most of the workers and students who had been staging a sit-in at Kyung Hee University against the government's hard-line policy on railroad and subway labor disputes fled the Kyung Hee campus just before the police raid.

Some of the students and workers resisted strongly to the police raid hurling hundreds of firebombs and wielding steel pipes for about 20 minutes before running away to Dongduck Women's University where their colleagues fled.

Police then raided Dongduck Women's University again around 6:30 A.M. to apprehend 62 unionized workers and 23 students and to forcibly disperse others. The operation lasted about 20 minutes.

Informed about the imminent police raid, most of the workers and students had escaped Kyung Hee University around 4 A.M. and about 800 of them gathered at Dongduck Women's University later.

Police, in the meantime, secured arrest warrants for 12 leading striking workers including Kim In-hwan, head of the labor union of Seoul Metropolitan Subway Corp. (SMSC) and So Son-won, chairman of the unauthorized unionized group of train engineers and mechanics "Chongihyop" for their suspected violations of labor dispute laws and obstruction of official duties, according to a police spokesman.

Police said in a statement that it was forced to mobilize the police forces to arrest the SMSC union leader Kim In-hwan and four other core members in the strike and to soon reinstate those who want to return to their works so that the crippled subway and railroad operations could be normalized.

Police accused the striking workers of violating labor dispute laws because they embarked on a general strike last Friday despite the fact that the laws prevent unionists from staging a strike or any form of collective actions within 15 days from the central labor committee announced the cooling-off period for mediation. The committee had issued the 15-day cooling-off period last Wednesday.

Police, meanwhile, decided not to break into Myongdong Cathedral in downtown Seoul, the largest opposition Democratic Party (DP) headquarters in Yoido and a Seoul church hall where striking railroad and subway workers are staging sit-ins, taking into consideration the status of the venues as religious and politically sensitive ones, according to the police spokesman.

The SMSC unionists have been staging a general strike since Friday, three days earlier than they originally set for the strike in protest against the police raid last Thursday on the place where Chongihyop members were staging a sit-in. Since then they have occupied the DP headquarters, Myongdong Cathedral, and a few other religious and academic institutions to stage sit-ins.

The SMSC has so far filed a complaint with the prosecution against 41 leading union members for their alleged labor dispute law violations and relieved 24 union leaders of their posts in connection with the ongoing strike.

In the meantime, 3,647 workers or 55.7 percent of the total railroad workers reported to work by 10 a.m. Sunday, the deadline set by the Korean National Railroad (KNR), arousing hopes that the operation of railroad could be put to a normal condition sooner or later.

The KNR said that it expected part of the railroad services in Seoul and its vicinity to be normalized starting Monday, adding it was still accepting intentions by striking workers to return to their works although the initial deadline expired Sunday morning.

Only 36.7 percent or 3,204 workers of the total Seoul subway workers, however, reported to work as of Sunday morning, thwarting hopes to resume normal subway operations as early as possible, according to the SMSC.

In particular, only 5.0 percent or 46 of the total 920 locomotive engineers returned to their works and just two percent of the total conductors reported to work.

To help normalize the railroad operation, the Ministry of Defense decided to provide the KNR with 350 additional 350 military personnel who are capable of assisting in the operation of locomotives, according to a Defense Ministry spokesman.

The Ministry of Defense also said that it will soon put into service 270 military locomotives in Seoul and Pusan to ease traffic congestion stemming from the railroad workers strike.

Last Thursday, the Defense Ministry had sent 64 soldiers capable of operating locomotives to the Transportation Ministry.

'Popular Outrage' Averts Strike

SK2806001994 Seoul THE KOREA HERALD in English 28 Jun 94 p 1

[By staff reporter Yi Sung—yol]

[Text] To the relief of government and business circles, the planned nationwide strike in sympathy with striking train engineers and subway workers did not take place yesterday.

The National Council of Union Representatives (NCUR), a hard-line labor alliance, announced last week that major unions of larger business firms would go on "sympathy strike" beginning yesterday. But most of the unions didn't obey, apparently because of the popular outrage against the "reckless strike" of train engineers and subway workers.

The prosecution has warned that any sympathy strikes would be illegal and said it would sternly deal with the unionists involved.

The two key unions of Hyundai Heavy Industries in Ulsan and Daewoo Shipbuilding and Heavy Machinery in Koje Island, both in South Kyongsang Province whose action would have considerable impact on any future labor disputes, virtually ignored the NCUR's announcement. Train engineers across the nation went on strike last Thursday calling for pay raises and protesting the arrest of their colleagues who had staged a sit-in. The NCUR late last week declared a nationwide sympathy strike to begin from yesterday.

The Daewoo union announced it would not participate in the planned sympathy strike, while Hyundai unionists went on a five-hour strike during which they held rally condemning Sunday's police action against train engineers.

A Daewoo union spokesman said that collective bargaining was under way and added the union will make an independent decision whether or not to go on strike regardless of the NCUR's announcement. He said a strike ballot is scheduled for tomorrow.

Daewoo union leaders attempted a three-hour strike last Tuesday but only 450 of the 8,300 unionists participated.

Above all, the negative public opinions on the ongoing of train and subway workers' strikes might have discouraged Daewoo and other union leaders from joining the sympathy strike, said an official at the Labor Ministry.

Kia Motors and Daewoo Motors, whose unions have taken a hard-line attitude in the past, also boycotted the sympathy strike.

Unionists at Hyundai Heavy Industries, however, decided to go on strike tomorrow.

As of yesterday, only seven unions were on strike, including train engineers, Seoul and Pusan subway workers, unionists at Kumbo & Co., Daedong Industrial Co. and Paek Hospital in Pusan.

Workers at other major industrial sites in Ulsan, Chongwon, Masan in South Kyongsang Province and in Kwangju in South Cholla Province showed no signs of joining the sympathy strike.

Later in the day, Prime Minister Yi Yong-tok presided over a meeting of labor-related ministers and instructed them to mobilize all administrative power to fill the vacancies caused by striking train and subway engineers.

Yi also called for the arrest of union leaders who masterminded illegal strikes.

Meanwhile, the prosecution warned that riot police will enter business firms if unionists go on strike illegally to disperse them and arrest leading unionists.

The prosecution is also searching for Yang Kyu-hon, chairman of the NCUR, and Secretary-General Mun Song-hyon for their alleged role in inciting the illegal strike.

A prosecution spokesman said that riot police will soon storm several work places, where illegal strikes are under way.

At the same time, the Labor Ministry will try and persuade unionists in other firms to settle ongoing disputes without going on strike to prevent the proliferation of strikes, a ministry spokesman said.

Subway Strike Continues Fifth Day

SK2806052094 Seoul YONHAP in English 0508 GMT 28 Jun 94

[Text] Seoul, June 28 (YONHAP)—The Seoul subway workers' strike continued for the fifth straight day Tuesday with the fatigue felt by non-striking workers, after working overtime for the past four days, causing a reduction in operating hours and leaving many commuters stranded during the morning rush hours.

On lines two and three, operating hours were cut with trains running from 6:00 A.M. to 10:00 P.M., instead of from 5:00 A.M. to 12:00 P.M. Moreover, intervals between train runs were extended from three minutes to six minutes, causing traffic congestion at nearly all stops during the morning rush hours.

At Sadang station, a transfer point for lines two and four, some 300 stranded passengers delayed a train's departure by about 15 minutes at 8:40 in the morning.

However, on lines one and four, which are linked with the national railroads, the intervals were back to the near-normal three to four minutes, as national railway operations were nearly normalized with striking train engineers returning to work.

As of 8:00 A.M. Tuesday, 3,823 or 44 percent of the 8,724 striking subway workers had returned to work, according to the Seoul Metropolitan Subway Corp.

Consequently, the corporation extended the deadline for returning to work to 4:00 P.M. Tuesday from 11:00 A.M. Saturday.

As a result, whether subway operations are normalized within the week depends on how many more striking workers return to their posts by the new deadline.

Corporation officials said the number of strikers returning by the extended deadline would determine whether lines two and three could resume normal operations within the week.

Meanwhile, railroad operations are rapidly returning to normal as more than 90 percent of striking workers have returned to work.

The Korean National Railroad (KNR) said Tuesday that freight train operations, including those for containers, oil and cement, had reached normalcy, with cargo train runs increasing to the pre-strike level of 543 a day across the country.

Commuter train operations on major lines also achieved 90 percent normalcy, while passenger train runs on trunk lines such as Seoul-Pusan, Taejon-Mokpo and Iri-Sunchon increased by 15 from Monday to 82, 18 percent of the normal level.

Passenger and cargo train runs totaled 1,444 across the country for the day, more than 70 percent of the pre-strike level, the KNR said.

By late Monday, 2,866 locomotive engineers, or 96 percent of the striking engineers, had returned to work or expressed their intention to do so, and 1,986 assistant engineers, or 95 percent, and 1,122 rolling stock inspectors, or 76 percent, followed suit.

Deadline for Nuclear Waste Storage Site Nears

SK2606015894 Seoul THE KOREA HERALD in English 26 Jun 94 p 3

[By staff reporter Yu Chong-mo]

[Text] With the world abuzz over the North Korean nuclear problem these days, an extraordinary kind of nuclear crisis is brewing in South Korea. The deadline for the government to secure a place to permanently store radioactive wastes from domestic nuclear power plants is fast approaching. But officials at the Ministry of Science and Technology (MOST) are finding themselves increasingly helpless in the face of strong resistance from local residents who fear their 'backyards' might be contaminated.

Analysts warn South Korea may have to suspend its nuclear power generation around 2001 should it fail to find a permanent storage by the end of next year. Considering atomic reactors account for nearly 40 percent of electricity consumption here, suspension of their operations would deal a hard blow to national economy.

In Korea, where the first nuclear power plant was built in 1978, nine reactors are currently in operation, generating about 4,500 to 5,000 drums of radioactive waste annually. The mountains of waste, however, have been stored at provisional facilities inside nuclear power plants, raising problems regarding safety and capacity.

The government, keenly aware that the temporary depots will be filled before 2001, has desperately searched since the late 1980s for a region willing to host a waste dump.

Seven coastal towns had been designated as candidate sites and MOST promised to redevelop the finally selected town into a comprehensive science and research complex at a cost of 760 billion won. The ministry also offered to spend 3 billion won annually on improving the welfare of the concerned residents.

But each time the government's efforts ended in failure in the face of angry protests from Nimby [not in my backyard] activists. In the latest incident, the ministry early this month had to scrap its plan to build a dump site in Uljin, North Kyongsang Province, after residents there staged violent street demonstrations.

Waste from the nuclear power stations is classified into two kinds according to the degree of radioactivity. Used nuclear fuel and substances reprocessed from the used fuel are called highly radioactive wastes. As Korea strictly abides by IAEA [International Atomic Energy Agency] regulations, reprocessed wastes, like plutonium essential to making N-bombs, are not produced here.

Low-grade radioactive wastes refer to almost all kinds of throwaway items used at the nuclear power stations, including operators' clothes, shoes, gloves, and tools.

A total of 43,700 drums of low-grade wastes have been produced by the nine reactors through April, occupying over 55 percent of the existing temporary depots, whose aggregated maximum capacity is 79,900 drums, the Korea Electric Power Corp. (KEPCO) said. Depots of highly radioactive wastes were also filled up to 57 percent of capacity.

KEPCO has recently expanded Kori's storage capacity by 23,000 drums and taken other emergency countermeasures. Nevertheless, one after another temporary depot will reach saturation between 1995 and 2001—Uljin Nuclear Power Station in 1995, Yonggwang in 1999, and Kori and Wolsong in 2001, respectively.

Considering that it takes at least six to seven years to build a permanent storage facility, the selection process has to be finished by the end of next year. On the other hand, the fact that seven more reactors are currently under construction adds to the seriousness of the problem.

Furthermore, the Nimby syndrome is likely to intensify with the advent of the provincial self-rule system next year.

Despite a series of studies confirming the safety of preserved radioactive wastes, the public doubts hardly show signs of abating. A recent poll found that 52.5 percent of the people have negative image toward nuclear-related matters and nearly half mistakenly believe that reactors can suddenly explode just like an atomic bomb. Shortly after the survey, MOST officials started to call radioactive waste "nuclear byproducts" in its bid to dispel the negative image.

As part of the government's last-ditch publicity efforts, Science and Technology Minister Kim Si-chung had a mini nuclear waste dump installed next to his office in Kwachon last December.

MOST once considered building a permanent depot on an uninhabited island or in an abandoned mine, but such plans turned out to be ineffective.

If the government fails to meet the deadline eventually, even the possibility of "exporting" the wastes should be explored, a MOST official laments.

National Assembly Extraordinary Session Opens

SK2606014194 Seoul THE KOREA HERALD in English 26 Jun 94 p 2

[By staff reporter Sin Yong-pae]

[Text] The National Assembly yesterday opened a 20-day extraordinary session to elect the new parliamentary leadership and to deal with other pending issues.

After an opening ceremony, ruling and opposition lawmakers passed a revision of the National Assembly Law through a plenary session.

On Tuesday, the Assembly is scheduled to select the new parliamentary speaker, the two vice speakers and chairmen of standing committees.

Rep. Hwang Nak-chu nominated by the ruling Democratic Liberal Party (DLP) is the sole candidate for the successor to outgoing Speaker Yi Man-sop.

Rep. Yi failed to be renominated by the DLP because he has allegedly been feuding with party leaders. The feud is said to have been triggered when Yi refused to cooperate in the DLP's plan to railroad the controversial budget bill for fiscal 1994 through the Assembly in December last year.

Hwang, a five-term lawmaker, is a close associate of President Kim Yong-sam and draws support from the mainstream in the DLP, most of whom are Kim loyalists.

The nomination of Hwang is expected to gain swift approval from the Assembly members given that the DLP controls the 299-member unicameral legislature. DLP lawmaker Yi Chun-ku and opposition Democratic Party lawmaker Hong Yong-ki will most likely become vice Assembly speakers. The Assembly will also deal with the appointment of new justices of the Supreme Court during a plenary session July 9.

But there is a possibility that opposition lawmakers may take issue over the past careers of some appointees who have been accused because their "politicized" rules under previous military-backed government.

The first summit meeting being pushed by the two Koreas is expected to be capped in the interpellation session during July 4 to 8. The government's policy on the North Korean nuclear standoff is also expected to become an issue of contention between lawmakers of the ruling and opposition parties.

In addition, the Assembly will handle the government-proposed supplementary budget scaled at 384 billion won (about $476 million). The bill is designed to help ease the economic plight of farmers and fishermen in the wake of the partial opening of domestic agro-fisheries markets to foreign supplies.

But political observers predict that the Assembly session is unlikely to draw much attention because of the focus of public interest on the World Cup and the first inter-Korean summit. Furthermore, major parties' preparations for two upcoming by-elections for the Assembly slated for around the end of next month are expected to reduce their concentration on parliamentary activities.

Law Establishes National Intelligence Committee

SK2706015194 Seoul THE KOREA TIMES in English 27 Jun 94 p 2

[Text] The National Assembly passed a new National Assembly Law designed to implement sweeping reform in operations of the legislative body in a special session that opened Saturday.

The revised law stipulates the establishment of the National Assembly Intelligence Committee which will audit the budget of the Agency for National Security Planning (NSP) and oversee overall activities of the powerful intelligence agency.

Under the law, the committee will have 12 lawmakers as members. Rep. Chong Chae-mun of the ruling Democratic Liberal Party was reportedly tapped to become chairman of the committee.

The Assembly also passed a revision to the Law on Additional Punishment for Specific Crime which stipulates punishment of up to a five-year prison term or 5 million won in fines for intelligence committee members and their secretaries accused of leaking official secrets.

According to the new law, lawmakers are not allowed to interpellate Cabinet members at the Assembly plenary session longer than 15 minutes. Thus far, the maximum duration of the interpellation was 30 minutes.

The clause is aimed at preventing lawmakers from making harangues or asking same questions as those already asked by other lawmakers previously.

Instead, the law introduced the "four-minute free speech system" under which any lawmaker can make a speech for up to four minutes during Assembly plenary sessions. The Assembly speaker is allowed to preside over the free speech session for one hour.

Assembly standing committees are obliged to hold two regular meetings every month under the law.

The law bans lawmakers owning businesses from being affiliated with Assembly standing committees related with their businesses. For example, a lawmaker owning a construction firm is barred from being a member of the Assembly Construction Committee.

The clause is aimed at preventing lawmakers from seeking profits by taking advantage of their status as members of related standing committees.

The new Assembly law introduced a clause aimed at discouraging lawmakers' absenteeism. Lawmakers who skip plenary or committee sessions without good reasons will see their allowances curtailed.

Under the new law, lawmakers will be able to ask for government documents even while the Assembly is in recess.

To encourage Assemblymen's legislation activities, the Legislation Information Center was set up at the National Assembly in accordance with the new law.

The revised law also allows live broadcasting of Assembly plenary and standing committee sessions through cable news networks.

New Intelligence Committee Viewed

SK2506104694 Seoul HANGYORE SINMUN in Korean 25 Jun 94 p 2

[Report by Kim Song-kil]

[Text] Lawmakers are paying extra attention to the restructuring of committees during the second-half of the National Assembly, particularly the newly formed Intelligence Committee.

The first question is to what extent can the National Assembly Intelligence Committee control the Agency for National Security Planning [NSP]. The means for the National Assembly to control administrative departments are through budget and policy review for legislation. Unlike in the past, the National Assembly is known to have considerable, although not complete, control.

The NSP will submit to the Intelligence Committee all detailed data required for actual review of all budgets. This means that, from now on, the NSP will be on the National Assembly's review list as far as the budget is concerned. In the past, the NSP only reported to the National Assembly the total amount of NSP expenses and intelligence costs without any supporting documentation and thus, passed National Assembly review without disclosing any details. The Intelligence Committee budget review will not be open to the public, and only the total amount of the budget will be reported to the speaker and notified to the Budget Committee.

The NSP director could still refuse to answer questions in the National Assembly but, unlike in the past, will be preceded by the notification that the issue is critical to national security.

The position of the Democratic Liberal Party [DLP], however, is that the committee should refrain from questioning concrete matters of the department because they are state secrets. This is why the committee members have dual memberships. The DLP asserts that pending issues should be discussed by the National Assembly as the Intelligence Committee is banned from leaking secrets. Hence, considerable disagreement is expected between the ruling and opposition parties regarding the management of the Intelligence Committee.

Another matter of interest is the structure of the Intelligence Committee.

Since the members have to deal with state secrets, important post holders of the Democratic faction, including the Chairman of the Defense Committee Sin Sang-u (six-time elected) and former DLP Secretary General Hwang Myong-su (four-time elected) are possible candidates to chair the Intelligence Committee.

As agreed during the last floor-leader meeting between the ruling and opposition parties, 12 DLP and five Democratic Party lawmakers will be assigned to the committee.

The members should belong to a negotiation group and the floor leaders of the ruling and opposition parties will have positions. Members should include those from the six standing committees, including the Operation, Judiciary, Foreign Affairs and Unification, Home Affairs, Defense, and Administration and Economic Committees.

Such limitations on the qualification of the committee members is due to the confidentiality of the committee activities.

Reshuffle of National Assembly Posts Analyzed

SK2706071594 Seoul YONHAP in English 0544 GMT 27 Jun 94

[Text] Seoul, June 27 (YONHAP)—The ruling Democratic Liberal Party's nominations for National Assembly posts Monday further bolstered President Kim Young-sam's line after last year's personnel reshuffle.

The nominations followed the common practice of choosing the most-elected lawmakers, and no outstanding exceptions emerged.

But this was President Kim's first national lineup after December's large-scale reshuffle of his party and the government and last April's dismissal of Prime Minister Yi Hoe-chang, the reason the nominations raised political antennae.

The new house speaker and assembly committee chairmen will be tasked with supporting the latter half of Kim's presidential term and adapting to changing circumstances in inter-Korean relations and the post-Uruguay Round trade climate, among other things.

Local autonomy elections are coming up in June next year, and a massive redrawing of the DLP camp is looming late this year or in early 1995. President Kim most certainly had this in mind when he made the nominations.

In this context, Rep. Hwang Nak-chu was selected as house speaker, even though his nomination entailed a minor political gamble. The reason: Hwang was vice speaker when the ruling camp railroaded the new budget bill through the assembly last year.

The decision to promote Hwang reflects Kim's determination not to be elbowed aside in ruling-opposition party relations.

Rumor has it that the current house speaker, Yi Man-sop, will stay and that Rep. Kim Yong-tae will be tapped as his deputy in a goodwill gesture to the "TK forces," the acronym for those from Taegu and North Kyongsang Province, and in consideration of the upcoming by-election in Taegu.

Moreover, Reps. Kim Yong-tae and Kim Han-kyu were included in the list to appease the TK forces after the changing of the house speaker.

Rep. Yi Chun-ku, who has the president's personal trust, won the bid for house vice speaker in competition with Rep. Kim.

The house posts were filled with political considerations in mind, but National Assembly committee positions were meant to respond to the issue of regional and factional balance.

Floor leader Yi Han-tong orignally drew up a list that gave more than half of the committee chairmen posts to lawmakers from Pusan and South Kyongsang Province.

Secretary-general Mun Chong-su, however, changed the list before it was sent to the president. In the end, the most expected nominees, Kim Pong-cho and Chong Che-mun, were absent from the list—An indication of how important attaining a regional balance was.

The final outcome stood at two from Pusan, two each for Taegu, Seoul, Kyonggi Province, Inchon and North Chungchong Province, one each from North Cholla Province and South Chungchong Province, and one lawmaker from a national constituency.

All of the choices, except for Rep. Pak Hui-tae and Sin Kyong-sik, are old-timers who have served three terms or more in office.

The last-minute dilemmas concerned the chairmen of the foreign affairs-national unification, finance, national defense and culture and information committees.

The DLP is planning on replacing all chiefs of city and provincial offices with three-term or more lawmakers next month and also on reshuffling party executive posts, foreshadowing a stormy summer ahead.

Lawmaker Pak Chol-on 'Guilty' of Bribe-Taking

SK2806070394 Seoul YONHAP in English 0621 GMT 28 Jun 94

[Text] Seoul, June 28 (YONHAP)—Rep. Pak Chol-on was found guilty of taking bribes by the Supreme Court Tuesday, resulting in the loss of his National Assembly seat.

The highest court dismissed an appeal lodged by Pak, a lawmaker from the United People's Party convicted earlier of bribery and sentenced to one and a half years in prison and fined 600 million won (about 743,500 U.S. dollars) at an appellate court on March 14.

Pak, once called the "crown prince" during the days of the No Tae-u government, was arrested in May last year on charges of taking bribes totaling 600 million won in three installments from the country's slot-machine kingpins—brothers Chong Tok-chin and Chong Tok-il—in October and November 1990.

With the Supreme Court's decision, Pak also lost the right to run for parliament or other public office for five years from this November when his prison term ends. This means he cannot run in the 15th general election slated for the first half of 1996 and signals the likely end of his political career.

His application for bail was automatically rejected.

A by-election to replace him will be held within 90 days in the Susong-A electoral district of Taegu City.

Bank of Korea Encourages Domestic Banks

SK2706022094 Seoul THE KOREA TIMES in English 27 Jun 94 p 9

[By staff reporter Cho Chae-hyon]

[Text] The Bank of Korea [BOK] said yesterday that domestic banks should be encouraged to become larger through mergers and acquisitions (M&A) in order to efficiently compete with powerful foreign financial institutions.

Stressing that the level of domestic banks' internationalization is far lower than that of foreign banks, the central bank said Korean banks face disadvantages in making inroads into international financial markets due to their low credit standing which the BOK said stems from their smaller sizes and bloated nonperforming assets.

To get recognized as credible banks in international financial community, banks have to seek credit assessments from international credit rating companies like Standard & Poor's or Moody's, but there are only three Korean banks including Korea First Bank, Hanil and Sinhan which have received credit ratings from them.

The BOK said one of the main reasons behind domestic banks' low credit standing in the international banking community is their smaller sizes.

For domestic banks to expand into overseas financial markets and raise funds cheaply abroad, they should expand their organizations which can be achieved through mergers and acquisitions.

In order to encourage M&As between banks, the central bank said the government should, among other things, guarantee various financial incentives to those which try to press ahead with M&As. It also called for the revision of related laws hampering M&As by financial institutions.

It said that although international banking business is becoming more and more important in line with the trend to financial market liberalization and opening worldwide, Korean banks are lax in strengthening their muscle in the area.

To stimulate domestic banks' internationalization, it said management at banks should establish bolder long-term strategies such as expanding investment in hardware and software in international banking divisions.

"What banks should do first is to secure professionals who have skills and experience in international banking like foreign exchange, derivatives and financing for foreign enterprises," BOK's senior official Pak Chae-chun said.

He said the absence of international banking strategy at most banks is another element hampering their modernization. "To push for internationalization which is very costly, they need responsible and autonomous management which can establish long-term projects and press hard ahead with them.

The central bank called on banks to expand the number of their overseas branches and to actively develop foreign clients rather than Korean clients operating there. The Korean commercial banks' branches and subsidiaries operating overseas number only 127, far fewer than the 443 of 11 major Japanese banks. Furthermore, it also urged that overseas branches be localized in such a way as to hire more foreigners as top managers.

Korean banks have employed few foreigners in their overseas networks, which the BOK said blocks them from developing foreign clients. According to the central bank, the ratio of foreign managers to Korean managers at Korean banks' overseas branches is only 33.6 percent. On the other hand, the corresponding ratio of foreign banks operating here is 87.7 percent.

Korean commercial banks face limits in efficiently enhancing their international banking operations because they lack incentive systems in their personnel management. The central bank suggests that they pay higher wages to professional officials who deal with international banking than the other regular employees.

It also recommended the government ease all restrictions preventing domestic banks from expanding into international banking. It urged gradual relaxation or elimination of cumbersome foreign exchange regulations. In particular, in order to help banks strengthen their ability to finance foreign enterprises, it said they should be allowed to extend long-term loans with maturities of more than 10 years to foreign enterprises.

Domestic banks have faced many restrictions in foreign exchange transactions and developing derivative products due to heavy-handed regulations on daily foreign exchange fluctuation bands, foreign exchange holding and selling amounts.

Korean banks lag far behind foreign banks in terms of financial futures transactions which have become more important instruments to hedge against growing risks.

The outstanding amount of financial futures transactions of all domestic commercial banks is far smaller than at one American bank. That of Korean commercial banks amounted to only 3.4 billion dollars at the end of last year, compared to 976.4 billion dollars at Citibank of the U.S., it said. And the outstanding amount of Korean banks' derivative products was 5.9 billion dollars, compared to 977.9 billion dollars for Citibank.

Vehicle Industry 'Firm' in International Market

SK2706024894 Seoul THE KOREA TIMES in English 27 Jun 94 p 8

[By staff reporter Kim Chang-yong]

[Text] Korea's motor vehicle industry, launched lees than 30 years ago, has gained a firm and solid footing in the international market both by its expanding trade volume and enhancing quality.

Already the sixth largest producer in the world, the latecomer pursues fifth place before the close of the present century in its aggressive "X-5 Project," mapped out by the Kim Yong-sam administration with an eye to putting further vigor into the auto field, locomotive of Korea's exports.

Individual companies, especially Hyundai Motor, Kia Motors and Daewoo Motor, have their own visions of a brighter future, pooling their wisdom and energy for a life-and-death battle on one hand and cashing in on government policy on the other.

"Korea is one of several countries that has jumped into the highly sophisticated technology- and capital-intensive sector since World War II but is the only country that has now succeeded there," Cho Kwan-hyon, executive vice chairman of the Korea Automobile Manufacturers Association [KAMA], said in an interview at his office yesterday.

The 58-year-old Cho was recently elected vice president of the International Organization of Motor Vehicle Manufacturers (OICA), a Paris-based federation of 28 national organizations, all representative of world auto producers and importers.

"My election is primarily attributable to the strong position of Korea's auto industry on the global scene. I think as an OICA vice president, I can in turn promote the stature of our industry one rung on the ladder to world leadership," a beaming Cho viewed.

He will head the organization, established in 1919 and granted United Nations Consultative Status as early as 1956, along with one president and two other vice presidents for the coming two years.

His accession to the post is an honor, the first to date for a developing country. His predecessors have been all from just a handful of auto powers including the United States, Germany, France, Italy and Japan.

He said he would devote himself to articulating the voices of Korean and Asian automakers in the organization and consolidating their roles in the development of the world automobile and its industry, being faithful to OICA's general purposes.

Actually, OICA aims at ensuring permanent link between its members, undertaking, at their request, studies on any question of mutual interest, collecting and circulating any useful information for the benefit of member associations and their respective members and representing the auto industry in intergovernmental and international bodies.

The OICA vice president particularly plans to help Korea join three committees—the Technical Committee, Industrial and Economic Policy Committee and Exhibition Committee. KAMA got its OICA membership quite belatedly, in 1991, at his initiative but has yet to be admitted to the specialized panels.

He seeks the organization's expertise on the setup of a massive domestic motor show, scheduled for May next year in Seoul, as the first full-scale show of its kind. KAMA, in close cooperation with member auto producers, started preparing it last year.

"During the one-week display," Cho said, "We will demonstrate the technology and service which our industry has accumulated over the last decades.

Based on the experience, KAMA will hold an international motor show in the spring or fall of 1997 though it will chart out details for the scheme after the local event.

He painted a very rosy picture for the domestic auto industry in the present and future as well, foreseeing that it would produce an estimated 5 million units including overseas output in the year 2000 and stand only next to the United States, Japan, Germany and France. "We will engage in a neck-and-neck race with France then."

"The situation remains favorable. First of all, the home market is stable. It is only here that auto sales swell by 10 percent or more annually. Korean automakers will be able to make another jump- start by making the most of the local market over the three or four years.

"Korean-built cars have unchallenged price competitiveness. Given extensive investment in the research and development and subsequent improvement in quality and styling, they will pose a threat to century-old world top-notch brands," he reasoned.

Domestic producers are success-oriented and full of confidence.

For one thing, he noted, Hyundai is going ahead with its "Global Top 10 Project" designed to produce 2 million units by 2000, equal to the current output of Volkswagen and even more than that of Mitsubishi or Mazda. Kia and Daewoo are benchmarking Hyundai's "can-do spirit and ambitious push."

Cho complained about the administration's "hasty" concession to the U.S. pressure to lower the tariff on imported vehicles. "The administration's hasty slash of the tariff to 8 percent is much lower than the internationally-acknowledged rate of 10 percent. The European Union, for instance, levies a 10 percent tariff on foreign cars and we have to give European cars preferential treatment here," he stressed.

Burma

Maung Maung Khin Receives Malaysian Minister

BK2706155194 Rangoon Radio Burma in Burmese 1330 GMT 27 Jun 94

[Text] Visiting Malaysian Primary Industries Minister Datuk Sri Dr. Lim Keng Yaik and delegation paid a courtesy call on Vice Admiral Maung Maung Khin, member of the State Law and Order Restoration Council [SLORC] and deputy prime minister, at the latter's office at 0930 this morning.

At the meeting, cordial and frank talks were held on improving bilateral goodwill relations and economic cooperation, including foreign investment matters.

Also present at the meeting were Brigadier General Abel, minister of national planning and economic development; responsible personnel, and Mr. John Tenewi Nuek, ambassador of Malaysia.

SLORC Official Receives Malaysian Minister

BK2706145794 Rangoon Radio Burma in Burmese 1330 GMT 27 Jun 94

[Text] Brigadier General Abel, minister of national planning and economic development, received visiting Malaysian Primary Industries Minister Datuk Sri Dr. Lim Keng Yaik and delegation at the Foreign Investment Commission office at 1500 this afternoon. At the meeting, cordial talks were held on bilateral economic cooperation matters.

Malaysian Delegation Calls on Mines Minister

BK2706145994 Rangoon Radio Burma in Burmese 1330 GMT 27 Jun 94

[Text] Visiting Malaysian Primary Industries Minister Datuk Sri Dr. Lim Keng Yaik and delegation called on Lieutenant General Kyaw Min, member of the State Law and Order Restoration Council [SLORC] and minister of mines, at the latter's office at 1400 this afternoon. At the meeting, the visiting Malaysian minister inquired about bilateral cooperation matters in the mining sector and explanations were given by the Burmese mines minister.

The visiting Malaysian delegation accompanied by U Hlaing Win, deputy minister of mines, visited the Myanmar [Burma] Gems Emporium Hall at 66 Kabaaye Pagoda Road.

Minister Returns From Environmental Conference

BK2706144994 Rangoon Radio Burma in Burmese 1330 GMT 27 Jun 94

[Text] A Myanmar [Burmese] delegation led by U Ohn Gyaw, minister of foreign affairs and chairman of the National Environmental Protection Commission, returned to Yangon [Rangoon] by air this evening after attending the ministerial level environmental conference of the Asia-Pacific Region, Eco Asia '94, held in Saitama, Japan, from 21 to 23 June.

The delegation was welcomed at Yangon airport by Lieutenant General Chit Swe, minister of forestry affairs; Brigadier General Myo Thant, minister of information; Mr. Takashi Tajima, ambassador of Japan; responsible personnel from the Ministry of Foreign Affairs; and relatives.

Officials Briefed on Antinarcotics Operations

BK2706112194 Rangoon Radio Burma in Burmese 1330 GMT 26 Jun 94

[Excerpt] It has been learned that the Defense Services attacked and captured strongholds belonging to the Loimaw opium smuggling groups in the Mongchut area of Mong Ton Township on 23 and 24 June. Foreign military attaches in Yangon [Rangoon] were briefed on this and taken to the captured enemy camps on 26 June.

It has been learned that the trip was organized by Colonel Kyaw Win, deputy director of the Directorate of Defense Services Intelligence [DDSI] under the Ministry of Defense, and included military attaches from the foreign embassies in Yangon; Mr. Bruce Strubbs, a staff officer of the Drug Enforcement Administration—DEA—of the U.S. Embassy; Miss Takahashi, a narcotics official with the Japanese Embassy; foreign journalists in Yangon; and a group of reporters from Japan's NHK.

With the help of videos and maps, Lieutenant Colonel Kyaw Thein, general staff officer grade-1 in the DDSI, briefed the military attaches and other guests this morning at a guesthouse on the 502 Air Base. He explained the local situation and transportation in the Mongchut area of Mong Ton Township, Eastern Shan State; the importance of the Mongchut, Mong Htaw, and Mong Hta areas to Khun Sa's narcotics smuggling activities; the positions of the Loimaw opium smuggling groups; the entering and mopping up of these areas by our military columns; and the encounters between the Defense Services and the Loimaw opium smuggling groups. [passage omitted]

Radio Reports Fighting With Drug Smugglers

BK2806005294 Rangoon Radio Burma in Burmese 1330 GMT 26 Jun 94

[Text] Intense battles have taken place between Loimaw opium smugglers led by drug kingpin Khun Sa and our military columns in the Mongchut area in Mong Ton Township, Mong Hsat District, Eastern Shan State since 11 May.

On 24 April, 2000 members of the Loimaw opium smuggling group led by Khun Sa left (Homay) Camp on the Thai border and entered the Mongchut area in Mong Ton Township on 11 May and attacked our military bases at Points 3686 and 4436 in full force. The Loimaw group attacked and captured these camps. Intense battles took place in the north, northeast, and south of Mongchut Camp from 11 to 15 May between our military columns and the smugglers when they infiltrated near the Mongchut Camp.

On 16 May, the Loimaw group retreated with heavy casualties and later formed strongholds on Points 3686, 4436, and 4527 which are situated about seven miles southwest of Mongchut Camp, and in the hills and mountain ranges in the vicinity of these points.

Major General Saw Tun, commander of the Eastern Military Command, and Brigadier General Kyaw Win, commander of the Keng Tung Regional Command, reorganized and enforced our troops and pursued and attacked the retreating Loimaw group and recaptured Points 4436 and 3686, and Kyauktaung Camp on 21 May and 11 June respectively. Our troops confined the Loimaw smugglers who were strongly entrenched in the remaining hills and attacked them at close range.

On 13 June, about 100 members of the Loimaw opium smuggling group, who were strongly entrenched at Point 4410, penetrated and attacked our troops who were controlling the area. Due to our military assault, they suffered heavy causalities and only a few escaped.

On 23 June, a combined force of military columns from the regiment and the Air Force staged a brave and simultaneous attack on the Loimaw group which was strongly entrenched at Kagyigon, Khagwegon, and Gangwegon on Kyaukchuntaung, or Point 4410; and Point 4527 which is situated behind these areas. Our military columns captured all enemy camps by 1730. The Khun Sa-led group sustained heavy casualties and retreated in disarray.

A total of 111 major battles and skirmishes took place between the Loimaw opium smuggling groups and our military columns from the regiment in the Mongchut area in Mong Ton Township from 11 May to 24 June. During those encounters, 250 corpses from the Loimaw group were collected and 163 assorted weapons, 21,350 assorted ammunition rounds, 560 assorted mines, 340 assorted rockets, two viss [3.26 kg] of marijuana, and 3 kg of heroin were confiscated by our military columns.

Some enemy corpses were handcuffed to poles in the trenches, while some were tied up with rope. There is evidence that the Loimaw smugglers used force to either handcuff or tie their troops in the trenches to prevent them from running away. Similarly, it has been learned from prisoners that their troops were given stimulants to fight.

During these encounters, 196 member of the Defense Services, including seven officers, gave their lives for the country, while 357 were wounded.

The Defense Services' attacks against the Loimaw opium smuggling group led by Khun Sa is part of Myanmar's [Burma] suppression drive against the danger of narcotic drugs. The Defense Services has sacrificed its sweat and blood to suppress the danger of narcotic drugs.

Twenty-Six Insurgents Surrender at Camps

BK2706151294 Rangoon Radio Burma in Burmese 1330 GMT 27 Jun 94

[Text] Members of armed groups from the jungles, who have come to realize their wrongdoings and after accepting the work being undertaken and the genuine goodwill of the State Law and Order Restoration Council, have been giving up their armed struggle and surrendering continually with their arms and ammunitions at various military camps.

During 1-10 May 1994, 26 terrorist insurgents from the ABSDF [All Burma Students' Democratic Front] armed group in the southeast military command region, the Pa-O red faction armed group in the eastern military command region, and the Karen armed group in the southern military command region, returned to the legal fold and were warmly welcomed by responsible personnel concerned at various camps.

Brunei, Malaysia & Singapore

Malaysia

Minister: U.S. Needs To Hear East Asian Views

BK2806084594 Kuala Lumpur Voice of Malaysia in English 0600 GMT 28 Jun 94

[Text] Foreign Minister Datuk Abdullah Ahmad Badawi said the United States should not have made negative statements on the proposed East Asia Economic Caucus [EAEC] until the East Asian nations had given their views. He said the United States should first listen to the views of the East Asian nations.

He said ASEAN will hold a meeting in East Asian countries soon to discuss the matter officially. He added that when all the East Asian countries have stated their views, then the other countries can give their comments. He said this after receiving the Russian Minister of Culture Yevgeniy Sidorov and the Secretary General of Libyan People's Congress on Foreign Affairs (Chad Mujabba) at his ministry in Kuala Lumpur.

He said for the first time, the East Asian countries should discuss the matter first as the issue affects them. Datuk Abdullah was asked about the government's efforts to make the EAEC a reality after the U.S. has opposed the proposal.

Spokesman on Visit to Israel by King's Brother

BK2806005694 Kuala Lumpur BERITA HARIAN in Malay 21 Jun 94 p 11

[By Lichong Akui and M. Thillinandan]

[Excerpt] Kuala Lumpur, Monday [20 June]—It is believed that Melewar Corporation Chairman Tunku Abdullah Tuanku Abdul Rahman used his diplomatic passport to enter Israel. According to sources, Tunku Abdullah could only have entered Israel by using a diplomatic passport because Malaysia has no diplomatic relations with that country. A Malaysian international passport cannot be used to enter that country because it is stated on the passport that Israel is the only country that cannot be visited.

The sources say the Immigration Department is authorized to issue diplomatic passports only to diplomats, ministers, and royal relatives.

Tunku Abdullah, the younger brother of Paramount Ruler Tuanku Jaafar, reportedly paid a visit to Israel recently during which he met Prime Minister Yitzhaq Rabin and Foreign Minister Shimon Peres.

Meanwhile, a Ministry of Foreign Affairs spokesman contacted today did not rule out the possibility that Tunku Abdullah used a diplomatic passport for the visit because it is the only way to enter that country. "We are not sure, however, where he obtained a visa to enter Israel. The Ministry of Foreign Affairs does not know positively when he left that country," he said.

Israeli television is believed to have covered Tunku Abdullah's visit and his meetings with Israeli leaders on 17 June. AFP ran a similar report.

Yesterday, Prime Minister Datuk Sri Dr. Mahathir Mohamed said he knew nothing about Tunku Abdullah's visit and that it was made without the government's knowledge.

The spokesman said Tunku Abdullah made the visit without the knowledge of the Ministry of Foreign Affairs. An early investigation showed that the visit was personal; he did not represent any party. "We do not know the purpose of his visit," he said.

According to the spokesman, a report obtained by the Ministry of Foreign Affairs showed that Tunku Abdullah entered that country on 16 June but was not positive whether or not he had returned home. He said the Ministry of Foreign Affairs does not have the authority to question Tunku Abdullah because the matter falls under the jurisdiction of the Ministry of Home Affairs and the Immigration Department. [passage omitted]

Foreign Minister Disavows Planned Timor Forum

BK2806093694 Kuala Lumpur NEW STRAITS TIMES in English 27 Jun 94 p 2

[Text] Kepala Batas, Sunday [26 June]—The Government is unaware of a plan by a local non-governmental organisation to hold a forum on East Timor in Kuala Lumpur, Foreign Minister Datuk Abdullah Ahmad Badawi said today.

He emphasised that the Government was not involved and would not give its blessings to the organisers.

"Our stand on the East Timor issue is clear. It is an Indonesian problem and it is up to the Indonesian authorities to resolve it," he said.

Abdullah was talking to reporters after attending the Bertam UMNO [United Malays National Organization] branch meeting which he heads.

He said the move to initiate such a forum was bound to occur as Malaysia practiced a democratic system that allowed freedom of speech.

"But we are hopeful it will not complicate the strong relationship between the two countries," he added.

According to the ANTARA news agency from Jakarta yesterday, Indonesia had expressed displeasure over the forum planned by the Malaysian Action Front.

Housing Minister, Delegation Visit Iran

BK2806060194 Kuala Lumpur BERNAMA in English 0442 GMT 28 Jun 94

[Text] Kuala Lumpur, 28 June (OANA/BERNAMA)—Malaysian Housing and Local Government Minister Dr. Ting Chiew Peh led an 11-member delegation on a one-week official visit to Iran.

The objective of the visit which began Monday, was to promote closer cooperation between Malaysia and Iran in the field of housing, urban planning and construction.

The agenda of the visit includes a meeting between Dr. Ting and the Iranian Minister of Housing and Urban Development Engineer Akhundi.

Studies on Equipping Army With Tanks Noted

BK2806102594 Kuala Lumpur BERNAMA in English 0910 GMT 28 Jun 94

[Text] Kuala Lumpur, June 28 (OANA-BERNAMA)—The Malaysian Armed Forces is expected to herald a new era as studies are underway to equip the army with tanks to enhance the country's defence in facing future challenges and threats.

Armoured Corps Chairman Brigadier General Mohamed Ariff Ali said Tuesday the study was important to gauge the effectiveness of deploying tanks to strengthen the country's defence as the armed forces did not have any at present.

Tanks are now necessary in modern warfare. The armoured cars being used do not come under the category of armoured cars, he told reporters in east Malaysian Sarawak state. [sentence as received]

He said the study involved evaluation of modern tanks made in Eastern Bloc countries like Russia in line with Malaysia's recent purchase of military equipment like the MiG-29 fighter jets.

* Consumer Associations Urged To Fight Inflation

94SE0138A Kuala Lumpur NEW STRAITS TIMES in English 20 May 94 pp 1, 2

[Text] KUALA LUMPUR, Thurs.—Consumer associations should not allow them-selves to be used by politicians and foreign interests which may be competing against Malaysia, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

Should this happen, the country and consumers would suffer, he said at the launching of World Consumers day and an anti-inflation campaign at Pusat Islam.

Dr Mahathir said knowledgeable consumers could become a force in influencing the market and controlling inflation, and collectively, they could eradicate all kinds of unhealthy trade practices.

"Together with the Government, they can act in a manner which will benefit them and save the country."

"The achievement of Vision 2020 (objectives) depends a lot on knowledge, responsible attitudes and the role of consumers—that is all the people".

He said the Government would continue with its efforts to fight inflation so that it would not adversely affect the people's standard of living, especially the lower income group's.

He urged all parties to play their roles to control inflation and ensure the stability of the ringgit to protect the country's economy. He said that if the economy collapsed, then everybody—the people, traders, banks, the Government as well as the country—would suffer. He said the lower income group, those who did not have fixed income and pensioners were most vulnerable to inflation.

Dr Mahathir said the Government had taken various measures to reduce the inflation rate to ensure the prosperity of consumers. However, he said, the success of any Government policy would depend on the cooperation of all parties.

"Inflation and consumer problems cannot be resolved by only one party. It requires the involvement of all."

He said it was also important for them to understand the mechanisms and effects of inflation and consumer problems in order to play their role effectively. He said consumer groups were important, not only as activists but also to disseminate information on the matter. However, he said, consumer groups should not allow costs to increase because of vague struggles for consumer interest which sometimes contradicted with their own interest.

Dr Mahathir said the time had come for Malaysian consumers to fully realise their role which, if properly undertaken, would benefit all. He said consumers had tremendous power. Only by deciding to buy or not to buy, consumers could cause businesses to make profits or suffer losses, he added.

"When consumers are grouped in associations, their power will be so great that it will be beyond control, giving rise to the desire to use it for other purposes."

Dr Mahathir said consumers possessed a "sharp weapon" and urged them to be extremely careful with it because, if wrongly used, it could be harmful to them.

"On the other hand, if the power is wisely and carefully used, not only consumers will benefit but the country will also prosper," he said, adding that a progressive nation would double the benefits for its people. He said the Government had to take certain measures to ensure that consumers were given adequate protection. He said the Domestic Trade and Consumer Affairs Ministry was in the process of drafting a "Consumer Protection Bill" and a national consumer policy aimed at sefeguarding consumer interests.

Dr Mahathir said the Government had also taken numerous steps to ensure that the country's rapid development was undertaken in a situation where prices of goods and services were low and stable as it believed that price stability was the key factor in efforts towards sustainable development.

"A stringent financial policy has been implemented to prevent surplus reserves. This is to ensure that there would not exist a situation where too much money is chasing after a limited supply of goods."

Nevertheless, he said, after the economy recovered from the 1987 slowdown, the country had undergone rapid growth for six consecutive years. He said the increase in money supply had resulted in excess demand.

If the Consumer Price Index is anything to go by, inflation has increased by 4.4 per cent in 1991 and 4.7 per cent in 1992, which is the highest since 1982. There was a drop last year to 3.6 per cent but it increased in the first quarter of this year by 4.5 per cent.

Dr Mahathir said that when there was inflation and the value of money depreciated, the value of income would also decrease. He said the easy way to overcome the reduction in the value of income would be to increase salaries or profit margin. However, he said, salary increase because of inflation would worsen the situation and further reduce the value of the currency and weaken the economy. He said Europe was currently facing serious economic problems with unemployment rates of between 11 and 12 per cent.

"Meetings after meeting of the Group of Seven countries have not been able to overcome the problem".

"Now they plan to force developing countries to impose the minimum wage rate so that their unemployment problem can be overcome".

He said the countries were more willing to see workers in developing countries suffer to protect their high standard of living. He said the wages of workers in this country should be increased, but it should be carried out carefully so that the nation would not lose its competitive edge and suffer from inflation.

"The employment of foreigners was not the way to overcome the problem. The more effective way would be to increase the productivity of local workers through education, improving production and management systems and the use of robots and automation or move to idustries which are more capital, knowlede and skill-intensive."

Also present at the function were Domestic Trade and Consumer Affairs Minister Datuk Abu Hassan Omar and his deputy, Datuk Abdul Kadir Sheikh Fadzir.

Singapore

Singapore's Mah Calls on Suharto, Views Tie-Up

BK2706151894 Singapore THE SUNDAY TIMES in English 26 Jun 94 p 1

[By Paul Jacob in Jakarta]

[Text] Jakarta—Singapore and Indonesia yesterday announced wide-ranging proposals to help boost the level of tourism in the two countries and strengthen the republic's involvement in developing supporting infrastructure for the sector here.

Communications and Environment Minister Mah Bow Tan said after calling on President Suharto that cooperation could involve joint identification of new tourist destinations, joint promotion and marketing, and development of air services.

The proposals also include cooperation in upgrading of airport facilities and the development of hotel and tourist resorts in Indonesia.

Mr. Mah was speaking at the end of a two-day visit to discuss the tourism cooperation proposals first raised in February during a visit by Foreign Affairs Minister S. Jayakumar.

His presence here as a personal envoy of Prime Minister Goh Chok Tong was seen as underlining the importance which Singapore attached to the ventures.

In Singapore, Mr. Goh said at a function in Bukit Panjang that Mr. Mah was in Indonesia to present Singapore's proposals for funnelling tourists from Singapore to Indonesia.

This would benefit both countries as they could be then be marketed to tourists together, he said.

He said that it was the first time that he was sending a personal envoy. Asked if more such envoys would be sent in future, he replied: "I think it will depend on the purpose."

In a signal of the seriousness with which Indonesia was treating the proposals, its senior economic ministers and State Secretary Murdiono arrived at the president's office immediately after Mr. Mah to meet Mr. Suharto and map out follow-up action.

Details of the proposals will be discussed further by high-level ministerial teams on both sides—Singapore headed by Deputy Prime Minister Lee Hsien Loong and Indonesia's by coordinating minister for trade and industry, Hartarto.

The Singapore team will include Mr. Mah and Trade and Industry Minister Yeo Cheow Tong, while Tourism, Post, and Telecommunications Minister Joop Ave and Transportation Minister Haryanto Dhanutirto round off the Indonesian side.

Mr. Ave told THE SUNDAY TIMES that a memorandum of understanding to serve as an umbrella agreement for cooperation would also be drawn up within the next two to three months.

Both he and Mr. Hartarto also said in separate comments that Singapore's proposals on tourism cooperation were welcomed by Mr. Suharto and had the full support of cabinet colleagues.

In his earlier remarks to the press, Mr. Mah said Singapore believed that as close neighbours, there was "great scope for both countries to cooperate in tourism development for mutual benefit".

He noted that cooperation in the development and promotion of tourism was, in fact, already under way in the Riau islands, principally Batam and Bintan.

"Good progress is being made there. We believe that we can expand the scope of Indonesia-Singapore tourism cooperation to the rest of Indonesia," he said.

"The aim is to get more visitors to Singapore to include Indonesia in the package visits."

Singapore attracted more than six million tourists last year of which 70 percent also visited other countries. Of that percentage, 20 percent went to Indonesia. Mr Mah's hope, shared by Mr. Ave, was to see an increase in the 20 percent figure.

Singapore also aimed to increase the number of tourists visiting the republic so that tourist arrivals in both countries would then also register increases, he said.

Both Mr. Hartarto and Mr. Ave said Indonesia aimed to see aspects of the proposed cooperation get off the ground by September this year and pledged to provide significant opportunities for private sector involvement.

Mr. Ave said that Singapore was keen on infrastructure development to support the tourism sector and said the areas included link roads and airports as well as hotels and tourist resorts in Indonesia. He said Mr. Suharto saw Singapore being able to play a role "as a provider of financial resources or as an investor in a variety of ways such as through joint ventures and joint operations."

Both he and Mr. Hartarto also said in separate comments that Singapore's proposals on tourism cooperation were welcomed by Mr. Suharto and had the full support of cabinet colleagues.

Indonesia had singled out existing tourist destinations and those with potential which could benefit from the co-operation. These were in West Sumatra Province, Yogyakarta, and Solo in Central Java, Lombok island off Bali, and Ujungpandang in South Sulawesi Province.

Cambodia

PRC Withdrawal Renders Agreement 'Meaningless'

BK2606130894 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 26 Jun 94 p 4

[Summary] "A reliable source in the Ministry of Public Works and Transport cites the Chinese Embassy in Cambodia as saying that the Chinese Government has decided to withdraw part of its $8.6 million loan and use it to repair the Mao Zedong road in Cambodia. The rest will be used to buy vehicles.

"Ms. (Xi Yuyi), PRC ambassador to Cambodia, met and discussed this matter with Ing Kiet, state secretary of the Ministry of Public Works and Transport, on 21 June."

This decision has disappointed the ministry which has written a letter to the Royal Government requesting that the total loan be maintained for the ministry as mentioned in the agreement signed between the two countries on 17 January 1994.

"According to the agreement, the loan will be used for the four most important domains urgently needed by the ministry, that is, 862,200 dollars for buying two airplanes, $2.8 million for buying 190 large and small vehicles for transportation work, and $4,437,800 for repairing railroads."

It is unknown why the Chinese side wants to divert its loan of $8.6 million to the Royal Government for repairing Mao Zedong road which has not been mentioned in the agreement.

Some people have said that if China wants to repair this road, it should have asked for funds from the Chinese people and Government instead of using this loan which will only affect the important projects set in the agreement.

"The source added that the $4.4 million budget set for the repair of railway system is very important because Cambodia's railroads are now very old and damaged." According to the project, this budget is set to repair the Phnom Penh-Sihanoukville line and purchase steel and other materials to improve the railway system.

If the Chinese side withdraws part of this fund, the repair of railway system will be forced to depend on other loans. In this case, in addition to being disappointing, the agreement which was signed by government representatives of the two countries will be meaningless.

Paper Cites Ambassador on Thai Relations

BK2406122794 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 24 Jun 94 p 2

[Text] The Embassy of the Kingdom of Cambodia in the Kingdom of Thailand will open for business this June. This will be the resumption of diplomatic relations between the two countries after the embassy had been closed for more than two decades because of endless civil war. However, sources at the Ministry of Foreign Affairs and International Cooperation of the Kingdom of Cambodia have not specified the date the embassy will officially be opened.

Eng Roland—an official of FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] and former minister of tourism in the provisional national government of Cambodia, and who has been appointed ambassador extraordinary and plenipotentiary to the Kingdom of Thailand—has expressed his determination to improve the relations between the two neighboring countries, and in particular to avoid mutual misunderstanding. Roland also optimistically hopes that relations between the two countries will improve once the Cambodian Embassy is opened.

This first Cambodian diplomat did not elaborate on what he called mutual misunderstanding. However, his statement was thought to have referred to the war of words between the Cambodian and Thai Governments at the end of April and early May because of the Khmer Rouge issue.

It may be remembered that the Khmer Rouge problem caused a fairly strong verbal exchange between government leaders and foreign ministers of Cambodia and Thailand. The Cambodian Government believed and had proof to show that Thailand did indeed support the Khmer Rouge in attacks against government troops in western Cambodia. As for Thailand, it affirmed that it had never provided assistance as accused by the Cambodian Government. Samdech Hun Sen, second prime minister, used strong words, even saying that the matter will be taken up with the UN Security Council. Howver, the troubled atmosphere between Cambodia and Thailand became relaxed through a diplomatic settlement.

Eng Roland did not discuss how he will start his work with Thailand. However, it is understood that diplomacy with Thailand is very important to put pressure on the Khmer Rouge at a time when the government wants to have something clear from Thailand.

It is worth noting that the Cambodian Embassy in Thailand has suffered only slightly and repairs have already been made. The embassy is located on Ratdamri Road in Bangkok.

Khieu Samphan on Hun Sen's 'Lese Majeste'

BK2806053394 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 27 Jun 94

[Interview with Khieu Samphan, chairman of the Party of Democratic Kampuchea, by station correspondent on 26 June; place not given—recorded]

[Text] [Correspondent] My respects to His Excellency Mr. Chairman. Thank you for allowing me to interview you on behalf of the Voice of the Great National Union Front of Cambodia [VGNUFC] radio. Here is my first question: Recently, the masses throughout the country were very indignant with Hun Sen for insulting His Majesty King Norodom Sihanouk in a message dated 18 June 1994; what is your opinion on this matter?

[Khieu Samphan] Thank you, comrade representative of the VGNUFC radio. Our nation and people know very well that it has always been His Majesty King Norodom Sihanouk's wish to bring about national reconciliation and to unite all Cambodian factions so that peace in the Kingdom of Cambodia can be restored. The king sees that the situation in our country has been steadily deteriorating. For a long time, he has repeatedly referred to this serious situation. If my memory does not fail me, he has talked about this situation since the end of 1992. Apart from his majesty, every simple Cambodian citizen has a duty to be concerned with and express his view on the destiny of his own nation. The king is even more duty bound toward and responsible for the destiny of the nation. The king clearly understands that there is only one way to get out of this desperately serious situation, namely, through national reconciliation.

The king, therefore, has all along expressed his opinion on national reconciliation. He also proposed that a roundtable be held between Cambodian leaders; however, he was resolutely opposed by Hun Sen. Afterwards, he proposed that, since a roundtable was not feasible, at least there should be discussions and consultations. He offered himself to be the bridge so that meetings or consultations could be held to produce some results—at least 10 or 20 percent. However, Hun Sen was still opposed to this idea. Hun Sen opposed roundtables and refused to meet with the Party of Democratic Kampuchea. Still, his majesty the king kept trying until there was the roundtable in Pyongyang, where a roundtable commission was formed to carry on the talks. Yet, Hun Sen was still working to sabotage the roundtable and the meeting of the roundtable commission.

In that situation, still not satisfied with his efforts, the king granted a press interview in Beijing on 11 June in which he again mentioned the deteriorating situation of the country. He expressed the view that one cannot solve the problem through war, which can only cause death and destruction to the nation. He said that, in the face of such a situation, he could not remain indifferent and could not die with his eyes closed. Just because of that, Hun Sen wrote a letter dated 18 June to insult and disparage the king. Hun Sen said it was ridiculous of his majesty, out of hunger for power, to try and use the press to overthrow Hun Sen and call for demonstrations to topple him. Hun Sen then declared that he was categorically opposed to the formation of any national reconciliation government. Hun Sen reminded his majesty that the current Hun Sen was different from the Hun Sen he knew in the past, and he insisted that his majesty give him an answer, saying he was waiting for an answer so that he could take further action.

It is regrettable that Hun Sen used such filthy language with his majesty the king. The king, at his advanced age, could easily be Hun Sen's father. There is no reason for Hun Sen to insult him like that. The king is a national leader, respected by both our people and the rest of the world. He has great experience in national government. What he did was only to kindly remind Hun Sen to open his eyes and see how grave our country's situation is and how seriously it is deteriorating. He merely asked for national reconciliation. There is no reason for Hun Sen to insult and disparage him in this way. Does he deserve to be a son of Cambodia, a minister, or a prime minister? Is there any justification for him to insult the king like that? He did not insult just the person of the king. He insulted him because he had asked for the cessation of war, for national reconciliation in line with the desire and need of our nation and people.

Such a lese majeste, legally speaking, deserves severe punishment. Everybody knows how serious this offense is in the law of our country and the world.

[Correspondent] In your opinion, why then did Hun Sen do what he did?

[Khieu Samphan] Before answering this question, I would like to tell you that in my opinion our entire nation and people have the same view as I do. This is not just a question of Hun Sen insulting and disparaging his majesty. The substance of his majesty's statements, as I have already informed you, is that which is held by both his majesty and our entire nation and people. Therefore, this reflects the current conflict between two policies, two forces, in our country. On the one hand, there are the forces that continue to ignite the war and oppose national reconciliation; and on the other hand, there are the forces of our nation, people, and peace-and justice-loving countries in the world that want to see peace restored and national reconciliation achieved in Cambodia.

In writing the letter to insult and disparage his majesty, Hun Sen overtly represented communist Vietnam and the bad elements in the Western alliance in his opposition to the king, national reconciliation, peace, and the Cambodian nation and people.

[Correspondent] As you said previously, in the 18 June letter, Hun Sen wrote that the current Hun Sen was different from the Hun Sen of the past, for this was a Hun Sen who demanded that his majesty give him an answer; and Hun Sen said he was waiting for an answer in order to take further action. In your opinion, what did Hun Sen mean?

[Khieu Samphan] In my opinion, Hun Sen wanted to say that in the past Hun Sen was merely a puppet of communist Vietnam. Only communist Vietnam was his boss. No countries recognized the so-called State of Cambodia then and no countries recognized Hun Sen as prime minister. Now, following the signing of the Paris agreements, after the bad elements in the Western alliance have tampered with the Paris agreements, after the

UNTAC [UN Transitional Authority in Cambodia] elections have been held, and after the bad elements in the Western alliance have colluded with communist Vietnam in conjuring up the two-headed government, Hun Sen has won the backing of both communist Vietnam and the bad elements in the Western alliance as well as the recognition of the United Nations. Moreover, the bad elements in the Western alliance are giving him arms. It was for these reasons that Hun Sen was flexing his muscles and showing them to the king and others. Hun Sen threatened that if he did not get the right answer from the king, he would make a liberal use of his military and police forces. When he wrote that he was waiting for an answer from his majesty in order to take further action, Hun Sen meant to cow his majesty into stopping making statements about peace, the end of war, national reconciliation, roundtables, and the roundtable commission's meetings. If his majesty continued to talk about them, Hun Sen would take brutal action.

In my opinion, this was not only a threat, an intimidation against his majesty. It was a threat, an intimidation, and an attempt to gag other parties and other personalities, including some ministers in the two-headed government who support his majesty, have the same opinion as his majesty, want to solve the problem peacefully, and want to end the war. In other words, Hun Sen wanted to intimidate and cow everybody with the use of brute force in the form of both the military and police forces. Hun Sen, Chea Sim, and Sar Kheng undermined the roundtable, shut off the Democratic Kampuchea office in Phnom Penh, closed down newspapers, ordered their fascist policemen and soldiers to assassinate journalists, summoned journalists for harassment, and arbitrarily arrested, incarcerated, and shot people in Phnom Penh and the provinces. All these fascist actions were made to oppose national reconciliation and close the mouth and plug the ears of the people to prevent them from talking or hearing about national reconciliation so that communist Vietnam and the other bad elements in the Western alliance could jointly send in arms to carry on the war and destroy the Cambodian nation and people and Democratic Kampuchea.

[Correspondent] If that is the case, what is the frame of mind of our Cambodian nation and people?

[Khieu Samphan]) Hun Sen clearly upholds the banner of communist Vietnam, the banner of national treason, the banner of those who have sold out their nation against the king, the country, and the people. He upholds the banner of war, the banner of fascism, corruption, and oppression of the people. He orders the fascist policemen and soldiers to persecute, arrest, incarcerate, and slaughter the nation and people and allows Vietnamese immigrants to arrogantly grab our land and orchards, steal the fish in our rivers and lakes, rob us of our forests, take all our jobs, and seize even vending stalls in our markets. Our nation and people will surely fight back because they can no longer stand it. They are rising up and fighting. Our people refuse to live like a snake and die like a frog without struggling.

The current situation is like a painful boil full of pus on the verge of eruption, with Hun Sen pricking it with a stick. Everybody knows that the students, teachers, civil servants, and even some ministers in the two-headed government want national reconciliation and oppose war. Our people oppose war. The soldiers of the two-headed government also oppose war. Everybody knows all about this. The foreign press in general is writing about it. The soldiers and even the officers of the two-headed government have told foreign newspapers that they no longer want to die in the place of Hun Sen, Chea Sim, and Sar Kheng. What does all of this mean? Does it not mean that the soldiers of the two-headed government are opposed to war and those who have kindled it?

The two-headed government can no long conscript soldiers. They have used fascist soldiers and policemen to surround villages and schools and still they cannot conscript many soldiers. The few who were conscripted later on deserted. Those who were ordered to go to the battlefields ended up deserting. Because it failed to conscript soldiers, the two-headed government issued a law mobilizing the militia. Yet, it could not mobilize as many of them as they wished. What can it mean other than that the people are opposed to war?

Moreover, the para troops [former non-communist resistance fighters] of Prince Ranariddh and Dien Del have become very frustrated. They were integrated into communist Vietnam's puppet army and placed under the command of communist Vietnam's puppets in the most ignominious manner. Communist Vietnam's puppets have only contempt for them and treat them like their running dogs. Communist Vietnam's puppets have ordered them to fight and die in their place. When they refuse to fight, communist Vietnam's puppet leaders shoot them dead. Their wives and daughters at home have been raped and their cattle stolen. Some soldiers of Prince Ranariddh who had no land to stay on and no huts to live in once occupied a piece of land at O Bek K'am in Stoeng Meanchey [a Phnom Penh suburb]. Prince Ranariddh together with Hun Sen, Sar Kheng, and Yu Hokkri dispatched artillery pieces, small arms, and armored cars to surround and kill them.

Now the para troops of Prince Ranariddh, like those of Dien Del, have been almost completely disbanded and decimated. When Prince Ranariddh and Dien Del tried to conscript more para troops in Oddar Meanchey, Thmar Puok, Preah Net Preah, and other places, they met with a stiff resistance from the people. No one wanted to join them any more. The anger of Prince Ranariddh's and Dien Del's para troops has seethed for months, and now with Hun Sen insulting and disparaging his majesty no one at all wants to become a para soldier of Prince Ranariddh or Dien Del. The former para troops are returning to their hometowns and an increasing number of them are joining the people and the National Army of Democratic Kampuchea in the struggle to defend their villages and hometowns.

In conclusion, our nation and people oppose war and want national reconciliation. Hun Sen is upholding the banner of communist Vietnam and the bad elements in the Western alliance in igniting the war. Our nation and people vigorously oppose them. Their fate is sealed in the history of the ages.

[Correspondent] Thank you, Mr. Chairman. Do you have something else to add before ending this interview?

[Khieu Samphan] I would like to recall and emphasize the position of Democratic Kampuchea as follows: Democratic Kampuchea is the victim and not the instigator of war. Communist Vietnam is the instigator of war. It sent hundreds of thousands of its troops to invade Cambodia at the end of 1978. Recently, it colluded to form the two-headed government and it combined forces to attack Democratic Kampuchea in Stoung, Phnum Chhat, Anlung Veng, Pailin, and other areas while Democratic Kampuchea merely exercised its right to self-defense. Although it has a complete right to self-defense, Democratic Kampuchea has continued doggedly to seek meetings and talks so as to reach a better mutual understanding with others and gradually find common points in a move toward realizing national reconciliation and securing sufficient national forces to solve the nation's major and minor problems. All of this is because Democratic Kampuchea clearly understands, as his majesty has already pointed out, that war means death, the death of not just a few people but of the entire nation and people; it means racial extinction. This is because the war gives an opportunity for Vietnam to send massive numbers of its people into Cambodia to swallow this country up. Therefore, only with national reconciliation can the nation survive. Achieving national reconciliation, as an important personality in Phnom Penh said, is like boring a hole in a piece of wood. You cannot make the hole just by merely placing the drill on the wood; you must drill it little by little until the drill is through. This means that just a couple of rounds of talks or negotiations will not make national reconciliation. We need more meetings and consultations.

I firmly believe in the force of our nation and people. I believe that the force of national reconciliation will surely prevail. The truth about this has been proven by history.

[Correspondent] Thank you, Mr. Chairman, for allowing me to interview you today. Before taking leave of you, I would like to wish you the best of health and success in your lofty patriotic mission. Thank you.

Sam Rangsi Against Outlawing Khmer Rouge

BK2806061094 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 27 Jun 94

[Text] Mr. Sam Rangsi, vice chairman of the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party and economy and finance minister of the two-headed government, stated that he supported Foreign Minister Norodom Sirivut's position that outlawing the Khmer Rouge is contrary to the king's idea. Mr. Sam Rangsi said that if the National Assembly ratifies this law next July all the budget will be used for military purposes and none will be left for national reconstruction.

Paper on FUNCINPEC's Khmer Rouge Situation

BK2706065694 Phnom Penh KAOH SANTEPHEAP in Cambodian 24-25 Jun 94 pp 1, 4

[Passages between slantlines published in boldface]

[Text] Many unofficial news reports have revealed that the official visit of the Royal Government's first and second prime ministers to Indonesia was one of the most important quests for political, economic, and military support. Radio Australia reported that Indonesia pledged to continue aid for Cambodia's national reconstruction. This commitment was made by President Suharto during an official reception hosted in honor of Cambodia's high-ranking delegation headed by Prince Krompreah Norodom Ranariddh and Samdech Hun Sen.

At 2020 on the night of 22 June when the two Cambodian prime ministers returned home and landed at Pochentong Airport, they did not answer any questions from the press. Prince Krompreah Norodom Ranariddh merely shouted the word "Success!" many times and Samdech Hun Sen, second prime minister, with broad smiles gave KAOH SANTEPHEAP a thumbs-up in the dark of the night.

This word "Success!" clearly showed that Indonesia, a former cochair of the Paris conference seeking peace for Cambodia, certainly has not disavowed its pledge to meet Cambodia's needs.

The big boil has broken.

In the past, fired by its desire to bring peace to the motherland, the Royal Government consented to lower itself to the same level of the genocidal Khmer Rouge butchers by agreeing to sit at roundtables with them at the behest of his majesty the king. This already was too much of a concession by the Royal Government when it accepted to sit with those who had murdered their own people.

Also in the past the people had hoped that the king, the only one who could bring peace to the kingdom, would deliver. However, this hope just fizzled out like salt in water following the two failed "roundtables." On whom would the hope be placed now? Besides the king, no one else can get peace through talks. Now that the king has said he would not propose a third roundtable, nothing remains for us to do.

Political analysts stress that there is only one way: to outlaw the Khmer Rouge and turn them into rebels.

The symptom has gradually appeared, starting with the official expulsion of the Khmer Rouge from Phnom

Penh before 19 June. The Khmer Rouge office in the walled compound near the royal palace has been pulled out right on time. When they were leaving Phnom Penh, the Khmer Rouge declared that the only way left for them was to resume fighting.

The Khmer Rouge declaration of fighting did not take place only when they were sent packing from Phnom Penh. It has taken place since 1979. The Khmer Rouge have been fighting for 15 years now. It is not true at all that fighting just started after the "roundtable" got "smashed."

Nevertheless, while the Royal Government was kicking the Khmer Rouge out of Phnom Penh and was taking a step closer to declaring the Khmer Rouge outlaws, two members of the Royal Government who had never tasted the Khmer Rouge bitter rule before—namely, Prince Kromkhun Norodom Sirivut and His Excellency Sam Rangsi—threatened to resign from their posts.

Hey! Hey! This is the big boil that is erupting! The supporters of the Khmer Rouge who massacred over 3 million people have bared themselves as starkly as daylight.

This piece of news was broadcast by Radio Australia on 21 June to be picked up by the Voice of America. Political analysts in Cambodia maintained that we should not allow the outlawing of the genocidal Khmer Rouge to become "hostage" of a threat. **The Royal Government also should not hesitate in the face of resignation should there really be an offer to resign. This is because in an organic system, when there is "ingestion" there should also be "excretion" for the sake of good health. "Ingestion" without "excretion" can only "harm" your health. The common people do not have greencards.**

Only Cambodians who experienced the misery of three years eight months and 20 days in the prison without walls know the Khmer Rouge better than the Khmer Rouge, the pro-Khmer Rouge, or certainly the Khmer Rouge partisans.

There was not a single family that did not suffer from the killings, the inhuman treatment at the hands of Pol Pot and Khieu Samphan. It is true that over the past 10 years most vestiges of the killing-fields regime have been erased by the common people working in coordination with the former State of Cambodia. Yet, no one can forget it.

Some people have claimed that they are clean, love the country, are loyal to the nation, and so on. However, their patriotism, their loyalty always has a price in return.

Nevertheless, if anyone wants to thoroughly screen them out, go ahead, do it! Just do not screw things up.

According to a KAOH SANTEPHEAP poll, the common people are happy to see the Khmer Rouge declared outlaw rebels because the Khmer Rouge have been rebels since 1979. There should not be any difficulty declaring them as such one more time.

It would be better for those who are not happy with the move to outlaw the Khmer Rouge and go live with them in the jungle. But if they love Cambodians, they should have pity for Cambodians by not trying to resurrect the defunct genocidal rule, because the common people are not greencard holders.

Private Banks Asked To Make Loans to Farmers

BK2706044894 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 26 Jun 94 p 4

[Summary] "In a joint project of the National Bank of Cambodia [NBC], the private banks are required to distribute 10 to 20 percent of their capital to the agricultural development in Cambodia.

"Mr. Nuon Sam-an, deputy director of the NBC's Private Bank Inspection Department, has said that the private banks have all agreed to set aside a part of their banking capital as loans to the farmers."

All 30 private commercial banks in Cambodia know that Cambodia's national economy relies mainly on the agriculture. They are waiting for the NBC to issue a law as a guarantee for their loans.

Asked when the farmers will get the loans from private banks, the deputy director said that the NBC is arranging this law. "He added, however, that the fund to be set aside will not exceed 20 percent of each commercial bank's capital."

A term will be stated in this law that any private bank not willing to deal directly with the farmers may give the loan to the NBC by charging interest at the international rate. Discussion is being carried out on whether 10 or 20 prcent of the capital should be set aside. The NBC will be responsible for the repayment if the loan is given through it.

Nuon Sam-an also said that the discussion on this law was stalled when it came to the question on who should be responsible for the repayment if the farmers fail to keep their pledge. It is still not known when this law will be finalized.

Indonesia

Importance of Lobbying in U.S. Talks Viewed

BK2606091194 Jakarta KOMPAS in Indonesian 15 Jun 94 p 4

[Editorial: "Intensive Lobbying is Needed in U.S.- Indonesia Textiles Talks"]

[Text] The bilateral U.S.-Indonesia textiles talks in Bali concluded in failure, the second time that the talks have collapsed. The first meeting in Washington also failed to achieve any positive results.

The United States will definitely reject Indonesia's request for a 14 percent increase for its textiles and textile products export quota to the U.S.. It was only willing to grant a two percent increase. Indonesia, however, rejected the offer. Meanwhile, no concrete decision was reached in connection with the U.S. request for wider access to Indonesian markets for its products because of conflicting and disputed opinions. It warned that it would impose sanctions against any country which absorbs or circumvents the quota provided to Indonesian textile producers.

The warning still remains effective even though Indonesia was submissive in reducing its import tariffs on U.S. products, together with its compliance to reconsider the issue of circumvention [preceding word in English] and cooperation in cases where another country sends textile exports to the United States under the export quota.

Newspapers carried reports on reaction to the failed talks—ranging from anger and disappointment to rational agruments. Indonesia was frustrated by the methods employed in the Bali talks. In fact, everyone anticipated that the talks would end in failure. Some Indonesian textile producers stated to the press last month that they expected the textile talks to fail after noting their previous lobbying efforts in Washington.

Further talks will collapse if Indonesia does not concretely provide certain "concessions" to the United States in connection with its request for wider access for its products in Indonesian markets, coupled with Indonesia's agreement regarding the issue of circumvention. These two issues were brought up during the first round of talks in Washington.

It can be surmised what ensued after the talks.

According to our observations, Indonesia was a bit confused over certain issues. The United States Trade Representative (USTR) delegation was headed by one of its deputies, Carol Miller, a new member to the team. Thus, the assumption that the new team would speedily deal with the existing problems and grant Indonesia concessions because the meeting was held in idyllic Bali, a tourist haven, left Indonesia confounded.

The team came to Bali for the meeting equipped with specific "trends" set by the USTR in Washington. Should Indonesia find the concession "card" provided to it unacceptable, then the USTR would revert to the guidelines laid down by Washington. The concessions, which provided for a two percent increase over the previous quota, was given only at the eleventh hour.

Besides, the USTR team arrived for an official business meeting. A tit for tat [preceding phrase in English]. I will only give you something if you give me something in return. The USTR team does not take into consideration any clarification on national development or argumments concerning advocation of the nation's and people's interests when dealing with the issue of a possible increase in the existing textiles export quota.

It would be more justifiable if we could convince the United States that Indonesia's textiles export is the major mechanism in warranting the country's economic growth—the primary source of non-gas exports, which could provide numerous employment opportunities.

The Indonesian delegation sought an increase for the textiles export quota for only certain categories during the first round of talks in Washington. The USTR side viewed the request as solely coming from Indonesian authorities and based on the country's performance with the export quota, beginning with the process of distribution until it reached the final destination in the United States. All this data is in the hands of the USTR, including the dealings conducted on the quota and the benefit procured by bureaucrats. One issue which the United States disagreed on for granting an increase in the textile export quota was an expansion of textiles and textile products industries in the Third World. The United states had similarly asked for such concessions for its industries.

The USTR delegations's talks with the Indonesian side was definitely based on certain flexibilities and with a give and take [preceding three words in English] attitude. It should be acknowledged that such flexibilities were afforded through intensive lobbying by the Indonesian side.

Lobbying was carried out simultaneously while the Indonesian delegation was attending the negotiations. The Indonesian textile producers stated that the lobbying, however, was a bit too late. That was the reason the USTR delegation had to follow certain "trends" laid down by Washington during the Bali talks.

Lobbying was previously conducted to ascertain how seriously Indonesia's request for an increased quota would be taken by the United States and its demand for concessions for its products to enter the Indonesian market. The Indonesian Government stands to benefit from the business circle which has long-standing personal ties and lobbying access with their U.S. counterparts. Their influence will not only gain access to the USTR, but also to the U.S. Senate, the House of Representatives, the State Department, The Trade Department, the Agriculture Department, and the Inland Revenue Department—apart from the American business circle's assistance in the lobbying. Our country has a number of influential businessmen with such capability and Indonesia could have seized on the opportunity before the talks commenced in Bali.

Therefore, the success of the bilateral talks cannot be assured through formal and businesslike [preceding word in English] talks at the negotiating table, unless the negotiations are carried out in an informal manner with a personal relationship. Indonesia can achieve its expectations only through this method. This was done during the 1989 U.S.-Indonesia bilateral talks on textile trade in Bali.

As such, the opinion of Dr. Mari Pengestu, an Indonesian economist, is considered convincing as he has proposed that the country embark on an early lobbying process before the next round of talks and prior to the expiration of the U.S. textile quota for Indonesia, which ends on 30 June.

Finally, should there be a third round of talks, Indonesia needs to field a more effective negotiating team which will be as equally effective as the USTR team. In the structure of the U.S. administration, the USTR is a body directly under presidential jurisdiction and its chief executive official's status is equivalent to that of a minister. Besides, the USTR has more jurisdiction than the U.S. Trade Department. Apart from this, the Indonesian delegation could also incorporate itself with the business circle which conducts lobbying with the United States. The business circle is much respected by the U.S. due to its long-standing personal relations with the Americans who effect their influence through negotiations. All this is necessary for the sake of achieving a successful outcome for the talks, which will be mutually beneficial for the United States and Indonesia.

Australia's Prime Minister Keating Arrives

BK2806011094 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 28 Jun 94

[Text] Australian Prime Minister Paul Keating flew into Jakarta yesterday afternoon for a three-day working visit to Indonesia. Foreign Minister ad interim Susilo Sudarman was on hand at the Halim Perdanakusumah International Airport to welcome Australian Prime Minister Paul Keating and his 26-member delegation.

According to the schedule, Paul Keating will make a courtesy call on President Suharto at Merdeka Palace today and among other things, will discuss the preparations for the upcoming APEC summit to be held in November 1994. The Australian prime minister will also officially open the Australian trade exhibition, Australia Today 1994, tomorrow in Jakarta.

Meets With Suharto

BK2806083894 Melbourne Radio Australia in English 0500 GMT 28 Jun 94

[Text] Australia's Prime Minister Paul Keating and Indonesia's President Suharto, have held talks in Jakarta. Although the talks were mainly on trade, Mr. Keating is under pressure to raise the issue of Indonesia's recent media clamp down during his discussions.

The Australian Government has already expected disappointment about last week banning of Indonesia's three leading news magazines. Mr. Keating did not commit himself to raising the sensitive issue with President Suharto. Before leaving Canberra, Mr. Keating said that Australia was not about to become an international media policeman.

More on Suharto Talks

BK2806085794 Jakarta Radio Republik Indonesia Network in Indonesian 0700 GMT 28 Jun 94

[Text] President Suharto and Australian Prime Minister Paul Keating share the view that bilateral relations are progressing smoothly in several areas. After the president and the Australian prime minister held private talks at Jakarta's Merdeka Palace today, Minister-State Secretary Murdiono briefed reporters on the two leaders' view about growing bilateral ties and mutual understanding. During the talks, the two leaders also discussed matters related to the Asia Pacific Economic Cooperation.

Complains about Press Ban

BK2806091694 Hong Kong AFP in English 0854 GMT 28 Jun 94

[Excerpt] Jakarta, June 28 (AFP)—Australian Prime Minister Paul Keating Tuesday told President Suharto he was disappointed at the banning in Indonesia of three popular publications whose closure provoked numerous protests and a severe police crackdown.

Keating—whose comments came as 21 people went on trial for protesting the ban—said the press closures "appear to conflict or at least contrast with the openness which generally occurs in the Indonesian (?economy)."

Keating said at a press conference after meeting Indonesian President Suharto that he had been asked to understand Jakarta's point of view.

Suharto said it was "very important" to maintain "stability and national unity at this time of great economic growth and transformation, that these things were to be taken as given in the society," Keating said.

"Journalists in question had put some of these things—that's national unity and stability—at risk," Keating quoted Suharto as saying. [passage omitted]

More on Ban

LD2806092794 Melbourne Radio Australia in English 0800 GMT 28 Jun 94

[Text] [Announcer] Australia's prime minister, Paul Keating, has raised concerns about Indonesia's clampdown on the media in talks with President Suharto in Jakarta. During a two-hour meeting at the presidential palace in Jakarta, Mr. Keating repeated Australia's disappointment with last week's closure of Indonesia's three leading weekly news magazines. Michael Maher reports:

[Maher] In telling President Suharto that the Australian government was disappointed with the media bans, Mr. Keating pointed out that the magazine closures appeared to conflict with the openness which has occurred in the Indonesian economy. According to the Prime Minister, President Suharto took those remarks seriously and then replied that the banned magazines had put national unity and stability at risk. Mr. Keating said the matter wasn't pursued further in a two-hour meeting which dealt mainly with trade and issues related to the forthcoming Asia-Pacific economic forum leaders' summit in Indonesia. While demonstrators had threatened to stage more protests against the media clampdown during Mr. Keating's stay, there was little sign of such activity on the streets of the capital.

[Announcer] Up to 21 demonstrators arrested yesterday are to appear today in the Central Jakarta District Court. They were detained when riot police broke up a demonstration against the banning of three Indonesian weekly magazines. A court official says there will be three separate hearings for the demonstrators who include the prominent poet Brendra. Indonesia's leading human rights group, the Legal Aid Foundation, says the 21 demonstrators are considered to have committed minor offenses under the law and could be dealt with summarily.

Suharto's Son Heads Business Concern With Burma

BK2706034094 Jakarta KOMPAS in Indonesian 16 Jun 94 p 2

[Excerpt] Jakarta, KOMPAS—There are numerous opportunities for Indonesian businessmen in Myanmar [Burma] in several sectors, particularly in the investment and services sectors. Indonesia House has been established in an effort to coordinate such an effort. It is a forum that acts as a facilitator for Indonesian businessmen who wish to invest and conduct business in Myanmar.

This was stated by Communications Minister Haryanto Dhanutirto, after he, Coordinating Minister for Industry Hartarto and Joop Ave, Minister of Tourism, Posts, and Telecommunications presented their reports on their recent visit to Myanmar to President Suharto at Merdeka Palace on 15 June. He clarified that the Burmese officials reflected a positive attitude regarding the interest shown by Indonesian businessmen to conduct business activities in Myanmar. They gave priority to such an issue.

According to the communications minister, Indonesia House is headed by Hutomo Mandala Putra (known as Tommy Suharto). An office has been set up in Myanmar as an effort to facilitate all matters pertaining to investments in Myanmar.

The communications minister said, "Indonesia House is getting serious attention from the Government of Myanmar. This was indicated through the authorities' appointment of its national development planning board chief as the partner for Indonesia House."

According to the communications minister, Indonesia House coordinates several business groups, such as the business groups on forest industry, industries, trade, design and construction and tourism.

One of the most promising sectors of cooperation lies in the forest industries because 53 percent of Myanmar is covered with forests. Indonesia is currently a producer of plywood. The country hopes that its markets will be perpetually secured and safe as a result of the cooperation with Myanmar.

Apart from this, there is also bilateral trade cooperation in the cashew nut business. Indonesian traders are involved in about 43 percent of the cashew nut trade. The country hopes to capture a greater segment of the global trade through this bilateral trade cooperation. [passage omitted]

Former Irian Jaya Rebels Form New Organization

BK2706163794 Jakarta Radio Republik Indonesia Network in Indonesian 1500 GMT 27 Jun 94

[Text] Former members of the Free Papua Organization [OPM] based in several cities in Papua New Guinea have established a new organization called the Irian Jaya Development Operation. Speaking in Jayapura today, (Joseph Tandu), chief of the Information Service of the Indonesian Embassy in Port Moresby, said leaders of the new organization had recently invited former OPM members still living in the jungle to join the movement. The call to join the movement was made because OPM's earlier armed struggle and guerrilla warfare against the Indonesian authorities along the Irian Jaya-PNG border had proved to be unsuccessful.

Using the new organization based in Port Moresby, OPM leaders are now trying to persuade former members who are still living in the jungle as well as those who have become PNG citizens to assist the Irian Jaya regional administration in carrying out development programs. However, (Joseph Tandu) admitted that the new organization has no clear objectives and the Indonesian Embassy in Port Moresby is uncertain as to what activities the new organization has done and will do in the future.

CGI Donor Group Expected To Give Loans

BK2706160394 Jakarta THE INDONESIA TIMES in English 21 Jun 94 p 3

[Text] Semarang, C. [Central] Java—The Consultative Group on Indonesia (CGI) is expected to provide loans worth 5.1 billion U.S. dollars to Indonesia this year, Finance Minister Mar'ie Muhammad said.

The CGI would still discuss the exact amount of loans at its meeting to be held in Paris on July 7 and 8, he told reporters after addressing a seminar on the Indonesian Tax System for the Second Long-Term Development Drive here on Saturday.

But he said the amount of loans would not be so much different from that of the previous year due to the appreciation of Japanese yen against U.S. dollar.

The minister said CGI's loans to Indonesia were directed towards financing the construction of physical facilities and infrastructures, the promotion of women's role, and the implementation of a presidential instruction-based backward village promotion program.

The construction of public utilities would top the list of priority in the utilization of the loans, he said adding projects which had not been completed in the fifth Five-Year Development Plan (Repelita V, 1989/1994) would be completed in the Sixth Repelita.

He made it clear that some CGI-funded projects would be exempted from income tax in accordance with a joint agreement signed by Indonesia and CGI member countries.

Coordinating Minister for Economy and Finance/Development Supervision Saleh Afiff will lead the Indonesian delegation to the Paris meeting.

The finance minister himself will not attend the meeting because he will visit several world important cities on those days.

Waste Containers Await Return to Netherlands

BK2706055794 Jakarta KOMPAS in Indonesian 16 Jun 94 p 8

[Excerpt] Bandung, KOMPAS— A total of 90 containers of imported plastic waste are still lying idle at Tanjungpriok Port, Jakarta. The government is currently making continuous efforts to ship the containers back to the Netherlands—their country of origin.

Minister of State for Environment, Ir. [academic title] Sarwono Kusumaatmaja stated this to the press in Bandung on Wednesday 15 June. According to the minister, the government is facing difficulties in trying to ship back the plastic waste because the containers were smuggled into the country. The Netherlands Government considered that it was not responsible for the existence of the plastic waste in Indonesia.

Continuing, Minister Sarwono said the Netherlands Government will accept the waste only if an official decision was endorsed by the Netherlands Supreme Court. The court is currently attending to the case in question. He said,"We hope that the Netherlands Supreme Court makes an endorsement to take back the plastic waste to the country."

The minister went on to say that should the Netherlands Supreme Court refuse to accept the plastic waste, then Indonesia will take alternative measures for the waste to be returned to the country. Minister Sarwono said,"We will make our move through political, diplomatic, and legal channels in the International Court."

The minister also stated that the imported plastic waste had probably entered the country through certain Dutch exporters who had exploited the facilities afforded to them by the authorities. However, the plastic waste could not have entered Indonesia without the involvement of some local importers.

Sarwono said, "As a result of this, the North Jakarta High Court is pursuing the case against two local industries that imported the plastic waste."

He said, moreover, the continuing presence of the 90 containers of plastic waste at Tanjungpriok Port effected a loss in income by the port because the area could not be leased out to other companies. Apart from this, the whole location and environment is subjected to the danger of being exposed to the poisonous toxic substance.

Minister Sarwono explained, "Therefore, the loss in income suffered by the port authorities will be included in the claim when it is served on the Dutch and Indonesian industries." [passage omitted]

Stock Exchange Chief Urges Foreign Shares

BK2506160794 Jakarta ANTARA in English 1400 GMT 25 Jun 94

[Text] Jakarta, Jun 25 (ANTARA)—It is now time to allow 100 percent foreign ownership of shares in Indonesia's stock exchange following a ruling stipulating that foreign investors are allowed to control 100 percent of the shares in companies set up under a foreign investment scheme, a senior stock exchange director has said.

"It is my hope that portfolio shares can also be 100 percent controlled by foreigners," president director of Jakarta Stock Exchange Hasan Zein Mahmud told ANTARA during a break in a gathering organized by WARTA EKONOMI [ECONOMIC NEWS] Business Club here Friday.

Malaysia, he said, has proved that such a practice can also benefit domestic investors provided that certain rulings are issued to regulate it.

"In Malaysia, 100 percent foreign ownership of shares in a stock exchange is allowed only in the secondary market. In the primary market this is subjected to certain limitation. This practice is profitable to domestic investors because they have a greater chance to buy primary shares at a lower price to be sold later in the secondary market at a higher price," he explained.

Replying to a question whether or not 100 percent ownership of shares in a stock exchange will lead to foreign investors taking over the share issuers, he maintained that this is unlikely to occur provided that certain limitation rulings are effected in this respect.

"This is an unnecessary worry because a capital market ruling can, for example, stipulate that although foreign investors may control 100 percent of shares in stock exchange, foreign participation in managerial matters should remain limited to 49 percent. As such a ruling is common in other countries, why can't Indonesia follow suit?" he said.

He added that this ruling will not disadvantage foreign investors as other commercially profitable rights such as dividend, right issue, and bonus share rights will remain theirs.

In the meantime, in his lecture on the occasion entitled "The Concept of the Development of Jakarta Stock Exchange (JSX)" he expressed his optimism that market capitalization of JSX in 1994 may reach some rp [Rupiah] 100 trillion, up from rp 69.3 trillion registered in 1993.

He said this estimate was based on three factors, namely, the large number of new issuers entering JSX, the expansion of many old issuers at JSX and steady increase of share prices.

Thirteen Held for Circulating Leaflets

BK2706145594 Singapore THE SUNDAY TIMES in English 26 Jun 94 p 17

[By Paul Jacob in Jakarta]

[Text] Jakarta—Indonesian security forces have detained 13 people belonging to a clandestine extremist Islamic group said to be responsible for circulating leaflets aimed at stirring unrest and divisions in the country.

It is believed the leaflets in question were those circulated here and in several major cities across the country earlier this month. They called for an uprising against minority ethnic-Chinese Indonesians who have been criticised for their dominant role in business and for controlling the economy.

The armed forces daily, ANGKATAN BERSENJATA, in a front-page report yesterday, did not make reference to the specific contents of the leaflets.

But the report said the little-known Kelompok Islam Indonesia (Indonesian Islam Group) sought to incite people into undertaking activities which would split national unity and the country.

It said that the 13 members of the group were captured on Thursday at a house in West Jakarta and added that the military had been monitoring their activities for some time.

West Jakarta District Military Commander Lieutenant Colonel I.P. Wisworo said the group attempted to put up a fight but surrendered after their leader, identified as 23 year-old Mus, was "incapacitated" by security forces.

No other details of the operation were publicised and Lt. Col. Wisworo himself was not available for further comment yesterday.

ANGKATAN BERSENJATA said the leaflets related to SARA issues—the acronym used here to refer to the sensitive and, if exploited, potentially explosive issues of ethnicity, religion, race and differences between groups of any kind.

The government of ethnically diverse Indonesia has adopted a hardline attitude towards individuals and groups which exploit SARA issues to heighten political and social tension.

Although nearly 90 percent of Indonesia's more than 185-million-strong population are Muslim, President Suharto and the military in particular have reacted strongly to counter and act against anyone with intentions of turning the country into an Islamic state.

The question of the ethnic Chinese Indonesians' stake in the economy has often been made an issue by politicians, business, and interest groups who feel that the indigenous majority—25 million of whom live below the poverty line—has not received an equitable share of opportunities.

Indonesia's five million ethnic-Chinese community is estimated to control anywhere from 50 to 60 percent of the economy.

The leaflets, which focused on the issue of dominance and accused the Chinese of disadvantaging other Indonesians, resulted in rumours about unrest and caused unease among the ethnic-Chinese community and others here.

Lt. Col. Wisworo reiterated the government's longstanding call to Indonesians not to be influenced and caught up by the sentiments expressed in the leaflets and said the population could help by reporting such issues to the security forces.

Air Force Chief Speaks on New Aircraft

BK2406094994 Jakarta KOMPAS in Indonesian 16 Jun 94 p 1

[Excerpt] Ujungpandang, KOMPAS—The Indonesian Air Force will soon procure some new 100 and 200 Hawk fighter aircraft as part of its program to upgrade its weaponry system. The procurement of the additional new fighter aircraft is to further strengthen the air force. This is in line with its program, which anticipates heavier responsibilities in the future during the second 25-year long-term development program, PJPT II [Roman two].

Air Marshall Rilo Pembudi, chief of staff of the Indonesian Air Force, disclosed this on 15 June when he delivered an address marking the 43d founding anniversary of the Air Force Operational Command at the Galaktika Apron of the Lanud Hasanuddin Indonesian Air Force base in Ujungpandang.

Air Marshall Rilo did not disclose the number of aircraft the air force will procure. Instead, he urged that necessary preparations should be made to accomodate the fighter aircraft when they finally arrive. All the necessary facilities such as hangars, workshops, operational needs, including the ground crew, should be maade readily available when the aircraft arrive. He said: "Apart from this, the air force will continue with its program to fully utilize all the existing weaponry and equipment to their maximum operational capability." [Passage omitted]

* Paper Backs Aid to Small Business

94SE0127A Jakarta BISNIS INDONESIA in Indonesian 14 May 94] p 6

[Unsigned editorial: "Boosting Small Businesses"]

[Text] The process of making concrete the commitment to boost small and medium-sized businesses in Indonesia will continue. In its Technical Working Meeting at Cipayung, Bogor, the Functional Group [GOLKAR] proposed the establishment of a guaranty board and a loan fund ("guarantee fund") to channel bank credit to small and medium-sized businesses. The largest of the sociopolitical organizations also proposed that from 1 to 5 percent of the profits of state-owned businesses be set aside for small businesses and cooperatives.

Naturally, this is good news for small and medium-sized businesses, which encompass about 34.4 million adults. GOLKAR's proposal represents a further concrete commitment to help small and medium-sized businesses. The proposal is probably not a coincidence and represents another of the steps taken by the government to strengthen the status of small and medium-sized businesses in the country.

GOLKAR clearly was also awakened by the fact this these groups needing help are still having problems in getting credit from banks. Bank credits flow more easily to big businesses.

In a seminar in Jakarta at the end of April, which was attended by operators of about a thousand small and medium-sized businesses throughout the country, complaints were heard about the stiff requirements imposed by banks. The businessmen feel they are treated as stepchildren, and they recognize the fact that bank credits flow more smoothly to big businesses. GOLKAR possibly was motivated by hearing those grievances.

The government views small and medium-sized businesses as strategic groups. Through them, the government is expanding prosperity. These groups have special features. For example, they absorb large numbers of workers. Furthermore, they adapt better to economic recession than the big businesses owned by the "big shot" industrialists. They also more easily act as subcontractors to big businesses.

For the takeoff phase, the government apparently is not depending only on big businesses but is counting on the role of small and medium-sized businesses. In some countries, there is controversy about who will be relied upon for the takeoff phase: Will it be big business only, or will small businesses be involved, too? In Indonesia, the government sees the role of small and medium-sized businesses as important.

The government has taken a variety of steps to boost these groups. One of the steps was Presidential Decision No. 16/1994, which gave them opportunities for access to markets. It says that about 10 percent of the total value of government expenditures will be used to buy products from small-and medium-scale businesses. Total government expenditures are now estimated at 20 trillion rupiah. When this provision is carried out, these groups will be truly helped.

Many countries have in fact established special institutions to channel credits to small and medium-sized businesses. Thailand, for example, has long had such an institution, and the results have been very satisfying. In other words, credit is obtained more smoothly by small businesses, without anyone exercising any effort to make it difficult.

The recent reports of unpaid loans on the part of big businesses should open our eyes to the fact that big businesses do not always repay bank credits promptly. As far as we have observed, one of the reasons banks are reluctant to extend credit to small and medium-sized businesses is the assumption that big businesses, because of their strong capital positions, will more quickly repay the credits they obtain. Action against big businesses that abuse credit is a must, but it would be wise for us to use the moment to realize again the strategic role played by small and medium-sized businesses.

In this connection, the words that Minister of Finance Mari'e Muhammad spoke at the GOLKAR technical working meeting at Cipayung are very relevant, namely that it would be "unthinkable" for the government to continue to give protection to big businesses. The minister of finance said, however, that it would be "objectionable" for small and medium-sized businesses to be given unlimited protection.

The position of taking the side of the small and weak is a humanitarian law of ethics. To take the side of small and medium-sized businesses does not mean ostracizing big businesses. The sociological reality that the small constitute the largest group is a strong reason for taking their side. We welcome GOLKAR's determination to take concrete action to strengthen small and medium-sized businesses in Indonesia.

Daily Sees Need To Secure Good Textile Markets

BK2706090394 Jakarta SUARA PEMBARUAN in Indonesian 14 Jun 94 p 2

[Editorial: "The Need for a Breakthrough in the Textile Trade"]

[Text] The second round of bilateral textile negotiations between Indonesia and the United States in Bali from 9 to 12 June ended without an agreement on the export quota. The Indonesian negotiating team felt that the U.S team led by Caroyl Miller, did not seem to be serious about maintaining mutually beneficial political and business ties.

Halida Milyani, secretary of the Directorate General of Foreign Trade who led the Indonesian negotiating team, said that Indonesia had met the U.S. demands for a tougher circumvention ruling regarding the diversion of the Indonesian quota to other exporting countries. But, she said, the U.S. delegation did not return the favor of Indonesian concessions.

Without taking into account the fair or unfair attitude demonstrated by the U.S. team during the negotiations, we have to admit that Indonesia is in a vulnerable position because Indonesia is the party that needs a wider market in the United States for its textile products. We should take lessons from our past experience, knowing that the importing countries, like the United States and the EC, always have stronger bargaining power.

The uncompromising stance maintained by the U.S. team made the Indonesian negotiating team feel rather emotional. It is likely that later on, several associations of textiles and textile products in Indonesia will say that there is no need for us to make too many sacrifices just for the sake of business interest at the expense of our self-respect and national interests.

It has long been noticeable for a long time that Indonesia does not derive huge profits from the international textile market. We know that the time will come when the government has to make a breakthrough into the markets that do away with quota restrictions. It has been anticipated that it will be more difficult to sustain the quota system considering that the United States and the EC are inclined to be more protectionist although they have often come out for a free world trade order without tariff and non-tariff barriers in GATT talks. The EC has imposed the export quota on textiles and textile products such as yarn and jackets from Indonesia since 1992.

As we already know, the textile and apparel trade between the consumer and producer countries is regulated by the Multifiber Arrangement [preceding three words in English] [MFA]. The MFA contains the order on quota restrictions for textiles and textile products accorded to producing countries under bilateral agreements and the exports quota system.

Indonesia, which has been relying on the quota arrangements to export its textiles and textile products to the international market, has been spared from free competition on the one hand, but on the other hand, the quota restriction system may result in our textiles and textile products being complacent in the superficially secured market. At the same time, this creates the tendency for us to depend on the market mechanism of importing countries that are bound by the MFA. Actually, the MFA is not stable because it is influenced by many factors such as the desire of major importing countries to protect their domestic industries and the stiff competition among developing countries to vie for the exports quota. The competition will become more serious when all developing countries that rely on the quota arrangements use the cheap labor force as a comparative edge.

Besides, there is a need for strong lobbying and conclusive negotiations with the importing countries to secure the export quota. Regarding the lobbying tactics, Indonesia has been considered behind the PRC, Singapore, Hong Kong, and Malaysia.

This was evident in the call by economic observers on the Indonesian negotiating team to conduct more aggressive negotiations with foreigners. There is no reason for Indonesia to receive a much lower quota for its textiles and textile products compared to that accorded to the PRC. According to the data from MFA, the PRC receives a 13.5 percent exports quota for its textile and textile products, while Indonesia receives only 2.8 percent. Thus, we are puzzled over this. When compared to the quotas accorded to other developing countries, the quota received by Indonesia is much lower than that given to India (4.3 percent), and Thailand (4.1 percent).

Considering that Indonesia's textiles have now become the country's largest nonoil and nongas commodity exports, the time has come for us to seek an alternative market for them. We need to think wisely and implement a prudent policy to face the fluctuations of markets for textiles and textile products. According to the Central Bureau of Statistics, 2.45 million job seekers were absorbed into the textile and garment industries in the beginning of the Fourth Five-Year Development Plan (1985). They made up 29 percent of the total 8.5 million workers in the industrial sector.

Official Blames Drought for Fall in Production

BK2706140794 Jakarta ANTARA in English 1814 GMT 26 Jun 94

[Text] Jakarta, Jun 26 (ANEX-ANTARA)—The Agriculture Ministry's Director General of Food Crops Amrin Kahar said that drought besetting certain areas in Indonesia was expected to cause the national rice production to decrease by 2.7 percent of 48 million tons total production last year.

"Drought besetting several areas of the country is difficult to predict as it has deviated from the long dry cycle," he told the press after attending the opening ceremony of the sport week to mark the Ministry's hari krida pertanian (outdoor activity day).

The five year cycle of long dry season occured in 1972, 1977, 1982, and in 1987. It was predicted that 1992 would see a long dry season but it did not and even in that year the rice production increased by 7.8 percent from 47.5 million tons in the previous year.

Drought is expected to plague hundreds of hectare rice fields in the Central Java cities of Wonogiri, Sragen, Cilacap, Demak and in West Java cities of Indramayu, Cirebon and Bandung which are all regarded as the breadbaskets.

Amrin proposed that farmers in the areas which are short of water after rainy season should resort to planting crops which need less water, such as corn and soybean.

The drought, however, will not threaten the Indonesia's existing self-sufficiency in rice.

"Indonesia's rice production is still much bigger than that of consumption. Besides, several neighbouring countries which borrow Indonesia's rice will in the near future repay it so that it can be used to secure the rice self-sufficiency," he said.

Commentary Views Rice Stock, Agriculture

BK2406120294 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 23 Jun 94

[Station commentary]

[Text] The national rice production, which is facing a slight problem due to drought in several areas in Java, was the topic of discussion that Ibrahim Hassan, state minister for food affairs and chairman of the National Logistics Agency, gave to members of parliament's Commission III. Currently, the nationwide rice stock stands at 850,000 tonnes, while in previous years, it stood at between 1.4 and 1.5 million tonnes. However, people are urged not to be alarmed because as many as 650,000 tonnes of rice loaned to several friendly countries will be returned to Indonesia. The Philippines and Cuba will each return 200,000 tonnes of rice to us.

Whether we admit it or not, agriculture is a complicated and fundamental issue for us. While farmers play an important role in supporting development and national stability, it is not easy for them to produce food due to the vagaries of nature, such as pests, long droughts, and floods as well as a limited area of cultivation.

Some people have even blamed the food-producing subsector as a source of inefficiency or unemployment demanding our special attention in our efforts to combat poverty. What is strange is that the economically weak farmers seem to subsidize the industrial sector and other members of the society with stronger economic clout.

In this connection, (Jurgen Habbermash) may be correct when he said that human interaction based on professional interest only is basically wrong. He cited the example of Karl Marx, who failed to understand that human interaction was based on the need of human beings to communicate; because of this, Marx also failed to realize his dream, namely, to liberate the oppressed people.

This being so, it is obvious that the Indonesian archipelagic concept and its basic principles should be popularized and translated into action for the sake of national development because all development sectors are equally important; all scientific disciplines have equal potential; and all fields of work have equal status.

No government of any country in this world dare scrap the agricultural sector, even if its industrial sector is highly developed. This shows that agriculture is one of the important ways to maintain and safeguard the survival of an independent, united, and sovereign nation among other nations.

Laos

Foreign Minister Leaves for Visit to SRV

BK2706140094 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 27 Jun 94

[Text] On the afternoon of 26 June 1994, Foreign Affairs Minister Somsavat Lengsavat left Vientiane for a one-week official visit to the SRV. The visit, scheduled from 26 June to 3 July, is aimed at holding consultations with the Vietnamese side on issues of common interest. It is also intended to strengthen the traditional solidarity and friendship between the foreign affairs ministries of Laos and Vietnam as well as between the parties, states, and peoples of the two countries.

After the one-week visit to Vietnam, Somsavat Lengsavat will proceed to the Kingdom of Cambodia for an official visit. Scheduled from 4 to 7 July, this visit is in response to an invitation of Prince Kromkhun Norodom Sirivut, deputy prime minister, minister of foreign affairs, and chairman of the Joint Cambodian-Lao Cooperation Committee. Somsavat Lengsavat will visit Cambodia on this occasion as chairman of the Joint Lao-Cambodian Cooperation Committee. It will reciprocate the visit to Laos by Prince Kromnkhun Norodom Sirivut in February 1994. During the visit, Somsavat Lengsavat will discuss with the Cambodian side bilateral cooperation in various fields. The visit is also aimed at further strengthening the long-standing solidarity and friendship between the two countries.

Somsavat Lengsavat, minister of foreign affairs and chairman of the Joint Lao-Cambodian Cooperation Committee, was seen off at the airport by deputy ministers of foreign affairs. Bui Van Thanh and Khek Lerang, respectively ambassadors of Vietnam and the Kingdom of Cambodia to Laos, along with a number of high-ranking officials of the Foreign Affairs Ministry, were also on hand to see the foreign affairs minister off at the airport.

Talks Held with Philippine House Speaker

BK2806071494 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 27 Jun 94

[Text] This morning, His Excellency [H.E.] Saman Vignaket, chairman of the National Assembly of the Lao People's Democratic Republic [LPDR], held talks at the National Assembly Hall in Vientiane with H.E. Jose de Venecia, speaker of the House of Representatives of the Republic of Philippines, who, together with his wife and delegation, are currently on a five-day official friendship visit to the LPDR. Attending the talks on the Lao side were H.E. Chaleun Yiapaoheu, chief of the Secretariat Commission of the National Assembly, and H.E. Viset Savengseuksa, deputy chief of the Foreign Affairs Commission of the National Assembly, along with a number of members of the National Assembly. Attending on the Philippine side were H.E. Victor F. Ortega, H.E. Roque Ablan, and H.E. (?David A. Prace de Lean), members of the House of Representatives; Ms. Rosalinda Tirona, ambassador of the Republic of Philippines to the LPDR; H.E. (Burirat Namwat), secretary general of the AIPO [ASEAN Interparliamentary Organization]; Ms. Ma Thea Raza, director of the Southeast Asia Department of the Philippine Foreign Affairs Ministry; and delegation comprising nine members.

After the talks, H.E. Chaleun Yiapaoheu, chief of the Secretariat Commission of the National Assembly, granted an interview to a national radio correspondent on the atmosphere and outcome of the talks between the delegation of the LPDR National Assembly and the delegation of the House of Representatives of the Republic of Philippines. He said: [Begin Chaleun Yiapaoheu recording]

Beloved listeners, at 0855 today, high-level assembly delegations of Laos and Philippines held official talks at the National Assembly Hall in Vientiane. The talks proceeded in an atmosphere of close friendship and mutual understanding. In the talks, first and foremost, H.E. Saman Vi-gnaket, chairman of the LPDR National Assembly, on behalf of the National Assembly and the multiethnic Lao people, gave his wholehearted greetings to the high-level delegation of the Philippine House of Representatives on its official visit led by H.E. Jose de Venecia, speaker of the House and concurrently chairman of the ASEAN Parliamentary Federation, which has brought to the Lao people the affection and friendship of the Philippine people. He highly valued this visit and noted that it as a new milestone in the friendly relations and cooperation between Laos and the Philippines. He also highly assessed the success achieved by the Philippine people in developing the country, and hailed the significant contribution made by the Philippines to the Lao people as well as to this region and the world.

On this occasion, Saman Vi-gnaket briefed the Philippine delegation on our initial achievements in implementing the state's restructuring policy. He particularly pointed out to the Philippine delegation that, following the implementation of the political and economic restructuring plans, tranquillity has been maintained, the economy and society have been developed, the people's living conditions have been improved with each passing day, the multiethnic people have enjoyed solidarity and harmony, and the country has maintained peace and stability in all respects. Saman Vi-gnaket also informed the guests of the National Assembly's domestic and foreign activities. He recalled the significant roles and responsibilities of the first and the second Supreme People's assemblies and then noted the roles and responsibilities of the third National Assembly. Regarding this, he informed the Philippine delegation of the organizational activities of the third National Assembly, in particular its contribution to establishing laws and the constitution and its activities in following up and controlling the implementation of the constitution and the laws.

For the Philippine side, H.E. Jose de Venecia expressed his profound thanks to H.E. Saman Vi-gnaket and the Lao delegation for inviting him to pay the official visit to the LPDR and for the warm, friendly welcome accorded him and his delegation. He informed our Lao side that this visit to Laos was taking place following his visits to the PRC and Thailand. He said: This visit is outstanding and very significant not only for the assemblies of the two countries, but also for ASEAN as a whole. This is because Laos, in the eyes of ASEAN and the Philippines, has maintained a significant role in this region. He further noted that democracy is now being practiced in the LPDR, and that in this regard, the National Assembly has played a significant role in promoting and encouraging the practice of the democratic system. Understanding this fact, H.E. Jose de Venecia has agreed to encourage the Philippine side to set up an embassy in Vientiane at an early date. He said he will present a report to the Philippine House of Representatives and urge the House to endorse funds for the building of the Philippine Embassy in Vientiane.

H.E. Jose de Venecia has also invited a delegation of the LPDR National Assembly to attend the ASEAN parliamentary meeting, which is scheduled to be held in Manila, capital of the Philippines, from 16 to 24 September of this year. In addition to the members of the ASEAN group, representatives from the United States, Canada, Australia, Japan, and India will also attend the meeting. In addition, H.E. Jose de Venecia hailed the Lao leaders for effectively promoting and expanding their roles and responsibilities. As a result, the political status of Laos has been raised to an ever higher level both at home and abroad. Laos' economic foundation has been also increasingly developed to the extent that it can enter the international arena. He hailed the courage, talents, and quickness of the Lao leaders in striving to improve the economy. As a result of the effort, inflation has dropped from 60 percent in previous years to 8 percent this year. This is considered as a success in the economic field. It can be also considered as a significant success for the political agenda, which has brought about the maintenance of the roles and influences of the Lao leaders and the implementation of the popular democratic system in Laos. He also appraised Laos' success in enforcing the constitution and a number of laws which have created the conditions for foreign countries to invest in the LPDR.

H.E. Jose de Venecia also gave his views on increasing the relations and cooperation between the LPDR and the Philippines following this visit. On this, he believed particularly that trade exchanges between the two countries should be promoted and that investment should be made directly in the LPDR by the private sector in the form of private businesses or partnerships. In addition, he noted the promotion and expansion of the bilateral trade relations, saying this work is seen as a significant issue for Laos and the Philippines. He recalled that in the history of Laos and the Philippines, the peoples of the two countries have maintained good relations with each other. The Philippines has in the past set up 12 hospitals in Laos. It brought more than 1,000 (?technicians, nurses), and physicians to work in aid projects in Laos.

Now, the aid can be increased. In addition, he promised to encourage the Philippine Government, through the House, to grant technical assistance to Laos. [words indistinct] He also pointed out that in the Philippines, there is a project to build some three million living quarters, and said timber is needed for use in building the houses. For this reason, it is likely that Laos and the Philippines will engage in trading timber to serve the said construction work. In addition, he noted that, regarding the promotion and expansion of the relations between the assemblies of the two countries, an association of friendship between the assemblies of Laos and the Philippines may be established, or cooperation and exchange of experiences in the legislative and legal affairs may be carried out.

In conclusion, H.E. Jose de Venecia has invited H.E. Saman Vi-gnaket, chairman of the National Assembly of the LPDR, to pay a visit to the Republic of Philippines at an appropriate time. H.E. Saman Vi-gnaket highly apprised and expressed satisfaction with the views of H.E. the speaker of the Philippine House of Representatives, and was pleased to accept the invitation for a visit. The Philippine side would later be informed of appropriate time and dates of the visit through diplomatic channels. H.E. Saman Vi-gnaket welcomed the creative views of H.E. Jose de Venecia on issues concerning the promotion and expansion of the Laos- Philippines relations and cooperation in the next stage.

This is the successful outcome of the talks held between the two sides in Vientiane this morning. Thank you. [end recording]

Thailand

U.S. Stand Expected To Undermine Talks

BK2806103194 Bangkok PHUCHATKAN in Thai 28 Jun 94 p 6

[Text] According to a Communications Ministry report on the progress of the Thai-U.S. aviation talks, the United States sent a letter to the ministry announcing a change in the head of the U.S. delegation to the negotiations and asking to extend the two-day talks an additional day to 30 June.

The United States was reportedly not satisfied with the results of the last rounds of talks and therefore decided to appoint Mr. Thomas Mark [preceding three words in English] as leader of its delegation. It was reported earlier that the United States was unhappy with the U.S. delegation's lenient attitude in conducting aviation talks with Thailand and other countries in this region. With this change in the leadership of the U.S. delegation, the U.S. delegation's attitude is expected to become more aggressive and uncompromising.

Touching on the U.S. request to extend the negotiations with the Thai delegation, Sisuk Chantharangsu, head of the Thai delegation and director general of the Civil Aviation Department, said he cannot grant the request because he will be engaged in official business on 30 June. Meanwhile, the Thai side's conditions and positions remain unchanged. Regarding the third airline freedom, the Thai side demands at least 55 percent of through passenger traffic load and 70 percent of cargo on U.S. planes as the conditions for agreement on the fifth freedom.

It is anticipated that this round of aviation talks will not lead to any progress because of the ambiguity and rigid attitude of the U.S. side.

Finance Minister Views Effect of Dollar Drop

BK2806073794 Bangkok BANGKOK POST in English 28 Jun 94 pp 20, 26

[Text] The plunge of the U.S. dollar to a post-war low against the yen yesterday will not adversely affect Thailand's exports, a key factor driving the country's economy, Finance Minister Tharin Nimmanhemin said yesterday.

However, as the greenback dominates the basket of currencies used by the Exchange Equalization Fund in fixing the daily exchange rate, the baht has depreciated in value in line with the dollar, Mr. Tharin said.

"That will benefit the country in its trade with Japan and Europe although Thai trade in terms of U.S. dollars will be affected," he said.

The dollar's dive to 99.50 yen in yesterday morning's trade in Asian markets, coupled with political disarray in Japan, shook the stock market with the key Nikkei index plunging more than 460 points. Hong Kong's Hang Seng index fell more than 230 points.

Although it was estimated that the Bank of Japan had spent more than U.S.$1 billion in frantically buying dollars to stop the slide, it was able to shore up the dollar only slightly to close at 99.93 yen.

In Thailand, despite a positive mood caused by the acquittal of major market player Song Watcharasirot on share manipulation charges, the SET failed to escape, the index falling more than 37 points.

Mr. Tharin forecast that the baht would be stable in a short period.

The dollar's dive began last Tuesday and it dipped below 100 yen for the first time since the end of World War Two.

The depreciation of the dollar against the yen stemmed from a failure by the U.S. and Japan to resolve trade deficits in February and the resignation of Japanese Prime Minister Tsutomu Hata on Saturday.

The U.S. Federal Reserve and other leading central banks of 19 countries, such as Japan, Germany and Switzerland, failed to take proper action to prop up the dollar until Friday, which was too late.

Investors no longer see the need to hold dollars as the U.S. has lost some appeal. The economies of Japan and

Germany are recovering and interest rates in both countries are moving upward. For example, the Japanese economy recorded 3.9 percent growth in the first quarter of this year.

Mr. Tharin said the Exchange Equalization Fund would keep close watch on the foreign exchange situation and the central bank was maintaining sound liquidity.

Arun Chirachawala, Bangkok Bank's senior vice president for finance and marketing, said the U.S. Federal Reserve was expected to increase its rates to stabilize the dollar and that could force local rates to increase too.

But such a move could hamper the recovery of the U.S. economy in the long run.

Another option for the Fed was to do nothing and let the dollar fall until a balance was reached, he said.

The volatility of both currencies and the German mark has prompted investors to sell shares, driving down markets in several countries including the U.S., Japan, Hong Kong and Thailand, Mr. Arun said.

He insisted the declining dollar and other external factors, not the acquittal of Sia [tycoon] Song, were responsible for the marked drop in the Thai market.

"The exchange rate of the dollar, yen, and mark may tend to fluctuate further. The dollar has reached an alarming level of 1.57 marks and 99.5 yen and is likely to run downhill steadily as long as no intervention is applied," Mr. Arun said.

"If the Fed raises its rates, Thai rates might rise unavoidably. Deposits are expanding at a much slower pace than credit and tend to cluster in certain banks instead of averaging throughout the financial system.

"During the latter half of this year, interest rates might rise but at a slower and less dramatic rate than experienced in the first half," he said.

Paper: Invitation for Burma To Attend ASEAN

BK2606130594 Bangkok THE SUNDAY POST in English 26 Jun 94 p 22

[Editorial: "Burma Should Attend Meeting—With Conditions"]

[Text] It's a fait accompli. Like it or not, the Government has made up its mind, perhaps a long time ago, to invite Burma's State Law and Order Restoration Council representatives to next month's ASEAN Summit in Bangkok.

The invitation stands. The Government says it can't imagine what the fuss is about—Thailand's human rights groups and the international community in general voicing their opposition to the presence of an illegitimate government, notorious for its blatant human rights abuses, at the prestigious annual regional gathering. After all, says an Interior Ministry official: "Slorc's participation (at the ASEAN meeting) is only ceremonial."

But not everyone agrees. A panellist at a recent discussion held by a group of human rights activists at Chulalongkon University said: "The policy (constructive engagement) of neighbouring countries, particularly Thailand, has partly enabled the continuity of human rights abuses in Burma."

Another said: "Human rights violations are a serious crime since all mankind is created equally. We respect the rights of Thai people, and we must respect those of Burmese."

They know what they are talking about. The latest rumblings heard among Burmese expatriates in Bangkok is that their embassy on Pan Road has recently been told (faxed) by Rangoon to persuade Thai authorities to stop issuing work permits to its nationals applying for jobs in Bangkok.

The gist of the seminar on "Human Rights Violation in Burma" was that the Government ought to review its invitation to Burma, and the subject of human rights in that country should be raised for discussion at the ASEAN meeting. And if Slorc is to attend the Bangkok session, then Burmese democratic representatives should be extended the same privilege.

We believe the Government should give these suggestions some serious thought. Unlike our unfortunate eastern neighbours, in an open society like ours where we have a democratically elected government and the freedom to express our opinions, it is only fair we listen to both sides of the story.

Take up the challenge and invite the Burmese opposition as well. If this country is to play host to a government not recognised by its people, then it should also be willing to deal with members of the National League for Democracy which were elected by the Burmese people but ignored by a handful of generals whose main concern is self-preservation.

This Government can no longer go on claiming—nor can its ASEAN partners, for that matter—that it does not believe in interfering in the "internal affairs" of a country. We are involved. We became entangled with Burma's affairs the day the "constructive engagement" policy was adopted.

Unlike most western and democratic governments which advocate isolation and sanctions to force the Burmese military regime to honour the results of the 1990 elections in Burma, we instead opted for the "gentle persuasion" approach to coax Slorc into returning what they have stolen from the Burmese people. It has been four years since Gen Saw Maung promised to honour Burma's call for a democratic government.

If ASEAN is serious in wanting to see a democratic government in Burma, then it should seize the opportunity at next month's meeting and invite the Burmese government-in-exile and members of the Democratic Alliance of Burma to sit down together with Slorc representatives to thrash out their differences.

Should Slorc agree to this meeting, we would know they are sincere about ending the civil war in Burma which has gone on for more than four decades. Striking cease-fire deals with the ethnic minorities alone is not enough. Slorc must also learn to come to terms with a government elected by the people. Making meat of one and poison of another will not work.

As for protests from Burmese students and dissidents in Thailand who oppose the ASEAN invitation, we don't think the Government need worry about disruptions at the meeting. The students have learned to live with whatever decisions the host country has made. They know they are vulnerable to harassment and arrest by the authorities if they step out of line. These new generations of Burmese have learned to be patient and bide their time if they are to win freedom for their country.

As a recent All Burma Students' Democratic Front statement on ASEAN's invitation to Slorc said: "The ABSDF respects the sovereignty of all the ASEAN countries and does not want to tarnish their image; and hereby declares that it will not commit any violent act on the soil of any ASEAN country." These children of the 1988 uprising have matured politically.

Activities of Malaysian Al-Arqam Group Reported

BK2606100194 Bangkok SIAM RAT in Thai 26 Jun 94 pp 1, 15

[Excerpt] Members of the group Al Arqam from Malaysia are now active in Chiang Mai and Phrae Provinces under the guise of businessmen and pilgrims. They have tricked provincial officials into joining the group by promising them trips abroad. The new members were promised a visit to Malaysia free of charge; the single members were promised a chance to find a spouse. The group was earlier reported to have come from Malaysia to recruit men for arms training in Thailand. The Malaysian Government has asked the Thai Government to monitor the group's activities.

On 25 June, Al Arqam organized a meeting of members at the Nakhon Phrae Tower Hotel in Phrae Province. About 500 members from 15 countries attended the two-day meeting. Thai officials have been monitoring the meeting, which drove many hotel guests away due to fear of sabotage.

Abu Ya, president of Al Arqam told newsmen after the meeting that his group has no intention of carrying out sabotage or toppling the Malaysian Government as alleged by certain Malaysian ministers who fear that his group might be recruiting men to train for terrorist activities in Malaysia as the prime ministerial [as published] election approaches. Abu Ya said his group consists of businessmen who come to Thailand to find business partners. [passage omitted]

Official Says No 'New Armed Group' Operating

BK2806084794 Bangkok BANGKOK POST in English 28 Jun 94 p 6

[Text] The head of the office of southern border administration, Wisut Singkachonworakun, said yesterday there is no new armed group operating in the southern provinces.

Mr Wisut's comment was made after a news report from Malaysia that a powerful Malaysian Islamic missionary group, the Al-Arqam movement, was operating in Thailand, and that the group has maintained 313 armed men in Thailand including Bangkok.

"We checked with all our intelligence units, especially in the five southern border provinces of Thailand, and there is no report about the Al-Arqam movement existing," said Mr Wisut.

He said he has submitted an official report to the Interior Ministry on the issue.

"The report is inaccurate. We have thoroughly investigated and tried to find out about the movement of this group. But no report about it exists," he said.

According to Mr Wisut, the main problem in southern Thailand now is the economy, especially in the growth triangle area.

"We should push the economy to grow in this triangle," he said.

However, he admitted that in the past there was a lack of qualified public relations facilities to inform the public of events.

One of the main obstacles, he said, is a lack of cooperation between the government officials concerned.

The centre has tried to improve things by bringing district officers and police chiefs from all areas to discuss the problem, he said.

Future policy on the five southern provinces will include developing intelligence reports, tackling poverty, providing security and dealing with border conflicts between Thailand and Malaysia, he said.

Meanwhile, Malaysia's ambassador to Thailand will be summoned to clarify a claim that Bangkok was used as a base for training an armed Muslim suicide squad, Deputy Foreign Minister Surin Phitsuwan said yesterday.

Thailand would take the opportunity to make clear its stance on the issue, Mr Surin added.

Thai Ambassador to Malaysia Suraphong Posayanon last week put on record in Malaysia that there was no evidence to back a claim by the Islamic Centre in Kuala Lumpur that Al-Arqam was training a suicide squad in Bangkok.

The envoy also confirmed Thailand's readiness to cooperate in solving the issue.

Al-Arqam is an Islamic group headquartered in Malaysia, with branches in 15 other countries including Thailand.

The group promotes religious as well as business activities, including the purchase of agricultural products for farmers.

A Thai government source said it made no sense for Bangkok to be the training ground for a suicide squad.

The claim emerged after Thailand caught Iranians, suspected of involvement in an attempt to bomb the Israeli embassy in Bangkok, re-entering the country from Malaysia about three weeks ago, the source said.

Meeting on Repatriation of Lao Refugees

BK2706155894 Bangkok Voice of Free Asia in Thai 1030 GMT 27 Jun 94

[Text] A senior UN official reported that Australia, Canada, and the United States expressed their desire for a quicker repatriation of Hmong refugees to Laos by creating industrial jobs in LPDR for them. Those Hmong hilltribesmen have been living at refugee centers in Thailand for almost 20 years and have become urbanized. It is not enough to just arrange for those people to return and settle down in the countryside of Laos.

UNHCR Representative to Thailand Ruprecht von Arnim proposed that an industrial zone be established in Laos where those refugees can make goods like garments or shoes. The UNHCR representative to Thailand and senior officials of Laos and Thailand are meeting in Bangkok on 27-28 June to discuss the repatriation of Lao refugees. The Thai delegation is led by Khachatphai Burutphat, deputy secretary general of the National Security Council. The Lao delegation is led by a director general from the Lao Foreign Ministry.

The meeting will try to find ways to speed up repatriation of Lao refugees in accordance with the wishes of Thailand. Thailand reiterated its plan to close Ban Na Pho center by the end of this year. There are at present about 12,000 refugees at the center which is in Nakhon Phanom. It is believed only 3,000 will leave for Laos in the next six months.

Extension Sought

BK2806085594 Bangkok THE NATION in English 28 Jun 94 p A2

[Text] Thailand has proposed that the repatriation of Laotian refugees be integrated into the comprehensive Geneva plan for Indochinese refugees to allow a one-year extension of the process under the present agreement which expires at the end of this year, a reliable source said.

The proposal, which has received the UN High Commissioner for Refugees' (UNHCR's) blessing, also called for the setting up of a reception center in Laos which would provide the returnees with job training before they are integrated into Laotian communities, according to the source who attended a meeting on the subject yesterday.

At the tripartite meeting, Thailand and the UNHCR tried to convince Laos to accept the proposal, which they believe would be acceptable to the Geneva-based office, the source said.

Under a 1991 tripartite agreement, the remaining Laotian refugees in Thailand must be sent back by the end of this year. However, the agreement was not included in the UNHCR's comprehensive plan of action, which stipulated that all Indochinese refugees must return by the end of 1995.

Participants in the two-day technical meeting discussed the problems and obstacles in the repatriation process and explored ways to speed up the repatriation of approximately 12,000 mainly-highlander Laotians remaining in Thailand's last holding camp in Ban Na Pho, Nakhon Phanom province.

The National Security Council (NSC) announced earlier this year that it would close Ban Na Pho at the end of this year. Of those remaining, only about 2,000 have expressed willingness to repatriate. The rest, mostly Hmong hilltribe people, have reportedly refused to return, wanting instead to resettle in a third country.

Don Somvolachit, director of Laos' Department of Europe and America, who headed the Laotian delegation, said Laos fears the reception center would swell into a permanent resettlement site.

He said Laos prefers long-term rural development projects in which both the returnees and current residents would benefit. He said the projects could be agriculture-oriented and equipped with public amenities.

"There must be land and housing ready, international funding and they must resettle in areas provided for them and according to the tripartite plans," Don said.

He said Vientiane is willing to take back all the remaining refugees but it would be impossible without funding. He said even if all 12,000 wanted to return, it "would not be easy. It would require a large investment of money and time to accommodate all of them."

He emphasized that Vientiane would only accept voluntary returnees. "We want to help them return safely and with integrity but they must also help themselves."

He categorized the potential refugees into three groups: individual returnees, small groups of five to 10 families, and groups of more than 10 families.

He said the individuals would readjust easily into society because most have families in Laos. The small groups also would integrate well into existing communities but they need the UNHCR to provide basic facilities such as schools, hospitals, and roads to counteract possible rejection from the local population. The large groups would be more difficult to handle because special sites must be provided for them as rural development projects.

Don said a major problem is that most returnees want to live in or near Vientiane or, in the case of the Hmong, in the mountainous north.

Asked whether there should be legal guarantees for the safety of the returnees, Don said the tripartite agreement already provided for their protection and that the early returnees could counsel those who have not yet returned about the new life back home.

35 Million Baht Given for Laos Construction

BK2506154694 Bangkok KRUNGTHEP THURAKIT in Thai 25 Jun 94 p 12

[Text] Chiang Mai—Deputy Communications Minister Charat Phuachuai told KRUNGTHEP THURAKIT that the cabinet in May approved a budget of 35 million baht for the Communications Minister to help Laos build a road from Houai Sai District of Bokeo Province to Luang Namtha Province.

The road is about 255 kilometers long and the survey work will take about six months to complete. The Lao Government, being aware of the good intentions of the Thai side, has notified the Thai Goverment that it is now ready to provide all the necessary conveniences for Thai survey teams to start their operation.

The construction of the road is expected to cost more than 1,275 million baht—80 percent of which will come from a loan from the Asian Development Bank and the rest from financial institutions of the Thai Government.

Charat disclosed that a Thai private firm has conducted a survey for the road construction two years ago and offered to get loans to finance the project. However, the Lao Government is still considering the conditions offered by the Thai company.

Touching on the quadruple economic development scheme, the deputy minister revealed that two piers, each cost 20 million baht, will soon be built at Chiang Khong and Chiang Saen Districts of Chiang Rai Province.

Two Thai-Chinese joint ventures have also received approval from the Lao Government to operate boat services from northern Thailand to southern China. Another Thai company will also operate a passenger boat service along the Mekong River. The Thai Government will provide assistance in the form of equipment and communications facilities to these companies.

Meanwhile, the Thai Government is lobbying for the opening of aviation services between Chiang Mai Province and China's Xishuang Banna region and between Xishuang Banna, Luang Prabang, and Kunming. At present, tourists and business people have to depend on the regular Chiang Mai-Kunming flight for travel from northern Thailand to southern China.

Dramatic Drop in Opium Production Reported

BK2606123894 Bangkok THE SUNDAY POST in English 26 Jun 94 p 3

[Text] Production of opium in Thailand has fallen from 150 to 20 tons a year, the secretary-general of the Office of the Narcotics Control Board claimed yesterday.

Pol Gen [Police General] Chawalit Yotmani, speaking at a panel discussion on "Drugs As the World's Problem," claimed the reduction reflects the efficiency and hard work of the police in conducting raids on a large number of opium plantations.

But to reduce opium production further, the demand for drugs must be reduced, Pol Gen Chawalit said.

To suppress drugs in Northern Thailand, the government must speed up the development of the region as the hub of the Economic Quadrangle.

Convenient transportation resulting from development will help the police suppress drugs more effectively, he said.

If people have better jobs, better financial status and better standard of living, they will never grow opium or get involved with drugs.

Warm family relationships will help protect children from drugs, he suggested.

Thailand consumes about 40 tons of opium a year, half of which is produced locally and half brought from neighbouring countries, especially Burma and Laos.

Thailand has asked the Burmese government to tackle its drugs problem, without success because that government's battles against rebel minority groups have prevented it from concentrating on narcotics.

He said sentences for people involved in drugs in Thailand are lighter than those of other countries.

In Malaysia, those guilty of possession of 15 grammes of heroin face capital punishment, while in Thailand the figure is 100 grammes.

The Narcotics Control Board's assistant director-general, Pol Lt Gen [Police Lieutenant General] Kowit Phakdiphum, pointed out during the discussion that the main production point is in the Golden Triangle.

Most drugs delivered abroad, especially to the United States, pass through the region from neighbouring countries, adding to the number of drug addicts in Thailand, Pol Lt Gen Kowit said.

He cited a police report which estimated that about 2,700 tons of opium were produced in the Economic Quadrangle area last year, 70 per cent of which was produced in Burma, 20 per cent in Laos and 10 per cent in Thailand.

The work of combating the narcotics trade is an "unending job," he said. Police are unable to arrest the big drug traffickers. Most traffickers arrested are small fry.

It takes a lot of police time to gather sufficient evidence to arrest the big fish, and most of them are "influential people".

It is a risky job for police to carry out raids without the help of their leaders, he said.

It is necessary to beef up the law to give police more responsibility and authority to deal with drug traffickers, he said.

The initial anti-money laundering law put to the cabinet by Deputy Prime Minister Amnuai Wirawan will help the authorities deal with drug traffickers but it must be handled carefully as it may affect innocent businessmen, he said.

The tax system can also help check the sources and amount of money suspected to have come from the drugs business.

Mr Pakon Thawisin, executive director of Thai Thanu Bank Co Ltd, said he will co-operate with police if there is a law authorizing them to inspect the bank accounts of suspects.

Such a law should include measures to protect bankers from being sued for failing to respect client confidentiality, Mr Pakon said.

He said the forms of investment in Thailand are different from those of foreign countries because people use more cash here. It is not easy to check on what kinds of investment they are really making.

Any money-laundering bill should be drawn up comprehensively, because honest businessmen could be affected.

The president of Chiang Rai Chamber of Commerce, Dr Thanomsak Seriwityasawat, said the province has great potential in many investment fields.

All relevant provincial authorities are working hard to develop the province as a gateway to Indochina.

He said one way of tackling the drugs problem is to develop the province's economic growth, to which the tourist industry is acknowledged as an important contributor.

Police Seize 'Large Cache' of Weapons

BK2706032794 Bangkok THE NATION in English 27 Jun 94 p A3

[Text] Chiang Rai police yesterday seized a large cache of assault rifles and ammunition, and arrested a man who claimed the weapons were destined for drug warlord Khun Sa for use against Burmese government troops.

The 267 AK-47 rifles and ammunition were worth an estimated Bt[baht]3 million, police said. They had come from the Cambodian border area and were to be resold for profit.

Police said the arrested man Thanong Phrapphradon, 29, of Sa Kaeo province, said that the weapons belong to Somphong Songsuk, 23, of the same province.

Thanong was travelling in a six-wheel truck with another man when police at a checkpoint in Chiang Rai's Mae Chan district signalled them to stop.

The vehicle allegedly drove through the barricade. Police chased the vehicle, which they later found abandoned. The two men were running away. Thanong was arrested but his comrade is still at large.

The weapons were found in the back of the truck hidden under a pile of pumpkins.

Police Crackdown on Burmese Immigrants in North

BK2606115994 Bangkok THE SUNDAY POST in English 26 Jun 94 p 3

[Text] Tak Province—More than 100 Burmese nationals who lived illegally at two border districts of Mae Sot and Mae Ramat were detained during a crackdown on illegal immigrants on Thursday and Friday, immigration police said yesterday.

Immigration police headed by Pol Capt Prasit Krathinthong rounded up more than 50 illegal Burmese at many places in Mae Sot district. Some were samlo [pedicab] drivers, the police said.

In Mae Ramat district, a combined force of immigration and border patrol police also rounded up 51 Karen—Burmese nationals—who lived at border villages. They included women, elderly people and children, the police said.

The police estimated that more than 1,000 illegal aliens from Burma were still living and working in the two districts but managed to escape capture.

Vietnam

Japan Offers Credits To Finance Hanoi Airport

BK2806093494 Hanoi Voice of Vietnam in English 1000 GMT 27 Jun 94

[Text] Japan has decided to offer Vietnam official credits to help finance the construction of a new international airport in Hanoi. The decision follows Vietnam's request for assistance made to the Japanese Government mission which visited Hanoi earlier this month to discuss details of a package of official loans. Tokyo plans to grant loans for multi-billion-dollar projects as one of [words indistinct] in developing countries to be financed by official credits in the next fiscal year, beginning next April.

The project of this new airport will be built south of the present airport, about 20 km north of Hanoi. This airport is expected to be completed around the year 2000.

Japan To Help Finance New Power Project

BK2806102794 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 28 Jun 94

[Text] With the aim of supplying more electric power to production establishments and people's households in the southern provinces, the prime minister recently approved a project to build the Ham Thuan-Dani Hydroelectric Power Plant. The plant will be build in areas of Tanh Linh and Ham Thuan Bac Districts in Binh Thuan Province and Bao Loc District in Lam Dong Province. Total capital for the project is more than 70 billion Japanese yen; 85 percent will come from Japanese Government ODA [overseas development aid] and 15 percent from loans sought by the Ministry of Energy. Construction will commence in early 1996.

Lao Foreign Minister Arrives for Official Visit

BK2606145094 Hanoi VNA in English 1350 GMT 26 Jun 94

[Text] Hanoi VNA June 26—Lao Foreign Minister Somsavat Lengsavat and his wife arrived in Hanoi this afternoon for an official visit to Vietnam as guest of Foreign Minister Nguyen Manh Cam.

The Lao Foreign Ministry and his party [as received] were welcomed at the government guest house by Foreign Minister Nguyen Manh Cam, Chairman of the government Commission for Mountain and Ethnic Minorities and President of the Vietnam-Laos Friendship Association Hoang Duc Nghi and other Vietnamese officials. Lao Ambassador to Vietnam Bouasi Chaleunsouk was also on hand.

Speaking at the welcome ceremony, the two foreign ministers expressed their wish and belief that the traditional fine relations between the two nations would be further consolidated for the interest of the two countries and prosperity, cooperation and stability in the region.

In the evening, F.M. Nguyen Manh Cam and his wife gave a banquet in honour of Mr and Mrs Somsavat and the Lao delegation.

Received By Vo Van Kiet

BK2706154894 Hanoi VNA in English 1427 GMT 27 Jun 94

[Text] Hanoi VNA June 27—Prime Minister Vo Van Kiet received here this afternoon Lao Foreign Minister Somsavat Lengsavat, who is now on a working visit to Vietnam.

At the reception, Minister Somsavat Lengsavat informed Prime Minister Vo Van Kiet of the results of this talks with the Vietnamese foreign minister. He highly valued the efforts of the Vietnamese Government and people in the implementation of the agreements signed between the high-ranking officials of Vietnam and Laos in the recent time which, he said, have made important contributions to bring the traditional friendly and cooperative relations between Vietnam and Laos to a new step of development.

Speaking to his guests, Prime Minister Vo Van Kiet hoped that with its role the Lao Democratic People's Republic (LDPR) would make positive contributions to the implementation of the Paris agreement on Cambodia, thus promoting the process of peace in Cambodia. He wished that the Lao people under the clear sighted leadership of the Lao People's Revolutionary Party headed by President [title as received] Khamtai Siphandon would continue to obtain greater achievements in their cause of building a Lao country of peace, prosperity, and development.

Prime Minister Vo Van Kiet asked the Lao foreign minister to convey his regards to Prime Minister Khamtai Siphandon.

Talks With Counterpart

BK2706151694 Hanoi VNA in English 1427 GMT 27 Jun 94

[Text] Hanoi VNA June 27—Foreign Minister Nguyen Manh Cam held talks here this morning with Lao Foreign Minister Somsavat Lengsavat who is now on a working visit to Vietnam.

Among those present at the talks were Deputy Foreign Minister Vu Khoan and many senior officials of the Foreign Ministries of Vietnam and Laos.

During the talks, the two foreign ministers informed each other of the situation of each country and exchanged views on the international and regional situation of common concern. They also discussed concrete measures to further promote the cooperation between the two ministries in the coming time.

The two ministers expressed their pleasure at the further consolidation and development of the traditional friendship and multi-faceted cooperation between Vietnam and Laos and their determination to further strengthen the special friendship between the two countries as well as the close cooperation between the two Foreign Ministries on the spirit of the agreement between the two countries.

Regarding situation in the Asia-Pacific region, Southeast Asia and the world as a whole, the two sides welcomed the trend of peace, stability and cooperation for the interests of development as well as the new approach in the relationship between the countries in Southeast Asia, including Laos and Vietnam.

The two sides affirmed their own policies to continue expanding the relations of friendship and cooperation of equality and mutual benefit with all countries in the region and the world as a whole. The two sides expressed their determination together with other Southeast Asian countries, to build Southeast Asia into a region of peace, stability, friendship, cooperation and development. In the immediate future, the two countries will be ready to make active and constructive contributions to the success of the ASEAN's forum on the regional security scheduled in Bangkok in near future.

The talks took place in an atmosphere of brothership, mutual understanding and trust.

Deputy Prime Minister Visits Brazil

BK2606150794 Hanoi VNA in English 1356 GMT 26 Jun 94

[Text] Hanoi VNA June 26—Deputy Prime Minister Phan Van Khai paid an official friendship visit to Brazil on June 23-24 as guest of the Brazilian Government.

On June 24 Deputy P.M. Khai was received by President I. Franco. During the reception, Mr. Khai expressed the Vietnamese Government and people's gratitude to the Brazilian Government and people for their sentiments to Vietnam in its struggle for independence and freedom in the past and in national construction at present.

Mr. Khai reaffirmed Vietnam's respect for its relations with Brazil, and wished that the Vietnam-Brazil relationship would make positive contributions to building the south-south relationship in the world.

President Franco, for his part, praised the achievements recorded by the Vietnamese people in the current renovation process. On the Vietnam-Brazil relations, he said that Brazil has decided to open its embassy in Vietnam.

President Franco and Deputy P.M. Khai pointed out the necessary [as received] for Vietnam and Brazil to prepare for the signing of framework agreements to strengthen political, economic, commercial, scientific, technical and cultural relations between the two countries.

The same day Deputy P.M. Khai exchanged views with Brazilian Foreign Minister C. Amorim, and Minister for Industry, Commerce and Tourism E. Alvarez on how to promote the two countries' multi-faceted relations. The Vietnamese leader was informed that Brazil is ready to help Vietnam in training a number of students.

Earlier on June 23, Deputy P.M. Khai met in Sao Paulo with Brazilian businessmen specializing in such branches as oil and gas, construction, telecommunications, energy, machinery and farm produce processing. He also visited a number of construction projects and factories in Brazil.

Decree on Marine Products Ministry

BK2706025294 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 25 Jun 94

[Text] On 21 June the government issued Decree No. 50/CT to regulate duties, authority, and organization of the Ministry of Marine Products. The decree consists of five articles. The first article says that the Ministry of Marine Products is authorized by the state to carry out state management function in marine products including rearing, catching, processing, protecting, and developing all marine product resources.

Article No. 2 determines concrete duties and authority of the ministry.

Article No. 3 determines the structure of the ministry consisting of the organizations that help the minister carry out state management role in the sector, and the professional organizations.

Article No. 5 stresses that the minister of marine products, other ministers and deputy ministers from ministries and other ministerial level agencies, heads of government agencies, chairmen of people's committees of provinces and cities are responsible for implementing this decree.

Australia

Evans on Decision To Send Troops to Rwanda

LD2506181994 Melbourne Radio Australia in English 1700 GMT 25 Jun 94

[Text] Foreign Affairs Minister Gareth Evans says it would be irresponsible if Australia rushed into making a decision on whether to send troops to Rwanda as part of a United Nations peacekeeping mission. The government has deferred a decision and instead has sent a five-person reconnaissance team to assess the situation in the strife-torn central African nation. Senator Evans says this is not an unreasonable response to what could be a very risky endeavor.

[Begin Evans recording] The situation is simply so complex, so messy, so uncertain, that I think we would be irresponsible if we made any firmer decision than that before knowing how it's going to pan out. [end recording]

Evans Comments on Jakarta Publications Ban

BK2606131094 Melbourne Radio Australia in English 1100 GMT 26 Jun 94

[Text] Australia's foreign minister, Gareth Evans, says the recent crackdown on press freedom in Indonesia has not signalled a move away from liberalization by Jakarta. Senator Evans says he believes Prime Minister Paul Keating will raise the banning of three Indonesian news magazines with President Suharto during his visit to indonesia. Mr. Keating leaves for Jakarta tomorrow.

Speaking on commercial television, Senator Evans said that Indonesian society was undergoing profound change and setbacks were unavoidable.

[Begin Evans recording] This is part and parcel of the bumps, and grinds and advances and retreats that are associated with a major society in the process of major transition. I think the underlying movement is clear and upward and onward and all those fronts but there is bound, I fear, to be some retreat along the way. [end recording]

Keating's Indonesia Visit To Focus on Trade

BK2706084094 Melbourne Radio Australia in English 0500 GMT 27 Jun 94

[Text] Australia's prime minister, Paul Keating, is on his way to Indonesia for a two-day visit, refusing to say whether he will raise Jakarta's magazine bans when he meets President Suharto on Tuesday. Linda Mottram reports that Mr. Keating also used a final parliamentary question time prior to his departure to reassert his right to discuss his republican agenda for Australia while overseas.

[Begin recording] [Mottram] Mr. Keating's visit will focus on trade as well as the APEC [Asia Pacific Economic Forum] leaders' meeting to be held in Jakarta later this year. In parliament, Mr. Keating said the relationship with Indonesia is a high objective for the Australian Government. But, responding to opposition questioning on the magazine ban issue, Mr. Keating said Australia's concerns had already been voiced, refusing to say whether he would raise the matter with President Suharto.

[Keating] I am not in the business of saying to the leader of the opposition on the [words indistinct] what I'll say because it [words indistinct] before I say it.

[Mottram] Mr. Keating was also pressed by the opposition on his comments two years ago in Jakarta about wanting to see a new Australian flag. Mr. Keating again distinguished his right to articulate his government's policy on an Australian Republic, but he avoided reference to the flag. [end recording]

Fiji

Committee To Assist in Constitutional Review

BK2406085494 Melbourne Radio Australia in English 0500 GMT 24 Jun 94

[Text] Fiji's prime minister, Sitiveni Rabuka, has moved to allay opposition's doubts about his commitment to a review of the country's racially-based Constitution. In Parliament, Mr. Rabuka moved that a joint select committee be set up to assist the planned commission to review the Constitution by 1997. He said the joint committee would comprise 55 percent Fijian, Rotuman, and general or mixed-race members of Parliament and 45 percent Indians. Mr. Rabuka said he was bringing forward his motion to allay fears and remove doubts about the government's commitment to the constitutional review. The prime minister's motion was supported by both sides of the House.

The move came one week after the opposition leader, Jai Ram Reddy, expressed doubts about Mr. Rabuka's sincerity after an outburst in Parliament by the prime minister. Mr. Rabuka, who led two coups against the Indian-dominated government elected in 1987, said he could not guarantee there would not be another coup if indigenous Fijians continue to feel disadvantaged.

Vanuatu

Prime Minister: Firm Stand on Log Export Ban

BK2806043294 Hong Kong AFP in English 0415 GMT 28 Jun 94

[Text] Port Vila, June 28 (AFP)—Vanuatu will maintain a ban on log exports and cut back licences for foreign companies operating on the timber-rich island of Erromono Prime Minister Maxime Carlot said Tuesday.

"If you added all the logging quotas allowed so far, this would mean that in no time, Erromango would become a desert", Carlot told AFP in an interview.

He said his government would risk legal action for breach of contract over the ban, imposed on June 20 because of mounting concern about exploitation of Vanuatu's natural resources by foreign companies.

European Union member countries represented here officially expressed concern to Carlot over logging in the island state last May.

An estimated 8,000 cubic meters (10,400 cubic yards) of logs is stockpiled at the Erromango port of Ipota after a ship from Hong Kong was forced to leave the island state's capital Port Vila without its cargo.

Carlot denied any official protest had been received from the companies. But said he had suggested to them that they bring the facilities to mill the logs here. "If they did that, they would gain in the long run", he said.

He met officials from the logging companies currently licensed to operate on the southern Vanuatu island, two from Malaysia, one Chinese and a Malaysia-Vanuatu joint-venture.

"At one stage, quite a few ministers came to tell me that such and such a company was bad and that this other one was good and now, there are four companies licensed to operate on Erromango and export the unprocessed logs."

Carlot said according to new government policy guidelines, Malaysian company Parklane, forced last week to suspend operations, would be allowed to log 15,000 cubic meters a year. Two others, Pacific Veneers and Erro Lumber, would be allowed 5,000 cubic metres each.

The Chinese-based Kingwood company would be denied the right to log on Erromango and would have to negotiate on another island.

"I know some companies won't be happy and will put the pressure on us to obtain what they want," said Carlot.

"But as long as I'll be here, they won't get their way. By doing this, I think I'm protecting the future generations."

New Zealand

PRC Embassy Objects 'Strongly' to Residency

BK2406080794 Melbourne Radio Australia in English 0500 GMT 24 Jun 94

[Text] China's embassy in Wellington has protested strongly against New Zealand's decision to grant residence to up to 600 Chinese dissidents. The embassy first secretary, (Wu Changshui), said China had no objection to legal immigration, but the decision by the New Zealand Government was linked with Chinese internal affair and not in keeping with the facts. He said it was entirely unacceptable to China.

Permanent residency status has been given to up to 600 Chinese students who fear going back to China since the 1989 crushing of pro-democracy demonstrators in Beijing. The Chinese Students Association in Wellington says it welcomes New Zealand's decision and says it believes the Chinese granted residency will make a part of the contribution to New Zealand's economy and culture.

Central Bank Urges Higher Interest Rates

BK2706005294 Hong Kong AFP in English 0023 GMT 27 Jun 94

[Text] Wellington, June 27 (AFP)—New Zealand's central Reserve Bank signalled tighter monetary conditions Monday by calling for higher interest rates in the face of what it says is growing inflationary pressure.

The bank is required by law to keep inflation within a zero to two percent range, and in a six-monthly statement governor Don Brash cited pressures in the economy that could push inflation towards the top of the target range over the next 18 months.

"Given the forecast outlook, the bank is comfortable with the slightly firmer interest rates seen recently, and some additional modest firming in monetary conditions would reduce the risk of inflation going above two percent," Brash said.

"More substantial firming is not yet required but would almost certainly be needed if signs of inflation pressures continued to accumulate," Brash said.

The bank did not see inflation taking off, but did forecast pressures that would push inflation to around 1.7 percent to 1.8 percent in late 1995 and 1996.

"Inflation at those levels would provide little room for error and, with the economy continuing to grow strongly, we are more likely to encounter greater, not less, inflation pressures," he said.

A cautious tightening of monetary conditions at this stage would, by reducing the risk of a boom/bust economic cycle, help to extend New Zealand's current robust growth.

"We are in the midst of another period of volatility in overseas financial markets," he said.

"The bank tries to take a medium-term view of financial market conditions, rather than reacting to every period of domestic volatility induced by overseas developments.

"But if such impacts were prolonged or sharp, we could need to react in order to maintain price stability."

The bank said a distinct uptrend in underlying inflation was likely to emerge within a year.

"Our forecasts indicate that, in the absence of monetary restraint, a distinctly upward trend in underlying inflation is likely to emerge within a year," the bank statement said.

"The outlook for inflation presented in this statement underlines the importance of setting policy in a forward-looking manner.

"Inflation is currently near the middle of the forecast range. Our forecasts indicate that, in the absence of monetary restraint, a distinctly upward trend in underlying inflation is likely to emerge within a year.

"This suggests that somewhat firmer monetary conditions than prevailed in the March quarter are appropriate. Some firming, mainly through higher interest rates, has already occurred.